Daily Report

Central Eurasia

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FBIS-SOV-95-105 *1 June 1995*

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Kovalev Denies CIS Forces Given 'Police Functions'

LD3005183195 Moscow INTERFAX in English 1622 GMT 30 May 95

[From the "Diplomatic Panorama" feature: reports by diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeny Terekhov and others]

[FBIS Transcribed Text] MOSCOW, May 30 (INTERFAX) — Special envoy Feliks Kovalev, Russian chief negotiator at the talks with Georgia, has denied some news media reports that the CIS summit in Minsk late last week allegedly discussed the attachment to the CIS peacekeepers in Georgia of "police functions".

In an interview for INTERFAX on Tuesday the diplomat said that the summitters "only clarified the mandate of the CIS peace-keeping contingent in the zone of the Georgian-Abkhazian conflict".

"The CIS leaders signed the document which says that CIS peacekeepers will do more actively their peacekeeping job," said Kovalev.

He noted a "great importance" of the special statement approved in Minsk on the Georgian-Abkhazian conflict. "The document confirms the principle of Georgia's territorial integrity and the intention to continue the talks to enter the path of settlement within the framework of a single federation," said the diplomat.

He said that "the wording "Abkhazia and the Republic of Georgia" was officially used for the first time in the CIS practice, as well as the support was voiced for the resolution of the UN Security Council, which says about the inadmissibility to resist the return of refugees on the part of the Abkhazian authorities".

In addition, said the envoy, "the heads of the CIS states backed the OSCE statement , which denounces ethnic cleansings of the Georgian population in Abkhazia".

Kovalev said consultations for the settlement of the Georgian-Abkhazian conflict with the participation of the Russian side, will continue. "However, the sides failed to achieve a dramatic progress at the talks so far," he said.

Security Chiefs Agree on Efforts To Combat Crime

LD0106105795 Tbilisi IPRINDA in Russian 0910 GMT 1 Jun 95

[FBIS Translated Text] Tbilisi (IPRINDA) [no date as received] — The heads of special services and the state security bodies of 11 CIS states on 1 June held a news conference in Tbilisi.

The news conference followed a two-day visit to the mountainous resort of Gudauri by the heads of the above competent bodies. Igor Giorgadze, the chief of the Georgian Security Service, told the news conference that during the meeting the heads of special services and the state security bodies had signed an agreement on combating organized crime.

Sergey Stepashin, head of the Russian Federal Counterintelligence Service told the news conference that a whole string of protocols had been signed, providing for combating terrorism, setting up a joint database, technical cooperation (restoring a single technical basis), training and exchanging the employees. In connection with the situation in Chechnya, the head of the Russian Federal Counterintelligence Service said that combat actions in the region had entered a conclusive phase. However, Stepashin refrained from making any predictions, and added that the main aim was to restore the economy of Chechnya. He also told the news conference that militants under the command of Shamil Basayev (commander of mercenaries during the war in Abkhazia) were especially active. Stepashin noted that in connection with the conflict in Chechnya, Russia was cooperating with Georgian colleagues as well as all the heads of the security services of the CIS states.

Commenting on the same issue, the head of the Azerbaijani Security Service [Namig Abbasov] noted that there were instances of smuggling arms into Azerbaijan (which is a transit country), but Azerbaijan was not implicated in supplying arms to Chechnya.

Commenting on an agency correspondent's question on an infamous attempt upon the life of the former Georgian defense minister Giorgi Karkarashvili in Moscow, Stepashin answered that every effort was being made to investigate the crime, and added that neither Tbilisi nor Moscow should become an arena for terrorism, criminal brawls, etc. Giorgadze, chief of the Georgian Security Service said that the above investigation was a matter of time.

Stepashin Welcomes CIS Accord

LD3105221795 Moscow ITAR-TASS in English 2059 GMT 31 May 95

[By Tengiz Pachkoria]

[FBIS Transcribed Text] TBILISI, May 31 (ITAR-TASS) — Russian Federal Security Service chief Sergey Stepashin welcomed the CIS countries' agreement to join forces to fight organised crime.

Meeting journalists after the signing ceremony, Stepashin said the agreement is the "most important event in the history of the CIS security services."

The agreement was signed by the CIS security ministers in Gudauri, eastern Georgia, on Wednesday.

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Under the agreement, the CIS countries will cooperate in combating any manifestations of organised crime, including terrorist acts, drug trafficking and illegal armed groups.

The parties to the agreement will also conduct joint search and other operations, including the detention of perpetrators and measures to stop and prevent illegal trade in goods and services.

ITAR-TASS Carries Press Review for 1 Jun

LD0106075695 Moscow ITAR-TASS in English 0615 GMT 1 Jun 95

["Press Review" — ITAR-TASS headline]

[FBIS Transcribed Text] MOSCOW June 1 (ITAR-TASS) — All newspapers carry materials about the Sakhalin earthquake.

IZVESTIYA describes the earthquake as a tragedy which was expected. The newspaper recalls a statement made by Sergey Shoygu, Russian Minister for Emergency Situations, several months ago. At that time he said that a serious earthquake was expected to happen in one of the regions of the country. The Minister did not mention the region in question, for world science is unable so far to make forecasts with pin-point accuracy. Nevertheless, all Ministerial services launched serious preparations for such an eventuality, the newspaper points out.

ROSSIYSKIYE VESTI focuses attention on the environmental damage from the disaster. The newspaper reports that the earthquake caused a rupture of the Okha-Komsomolsk-on-Amur oil trunkline. A large amount of oil spilled into the fish spawning water reservoires of the wooded tundra.

Giving the opinion of First Vice-Premier Oleg Soskovets about the disaster, the newspaper points out that the lack of funds for the maintenance of a seismic service on Sakhalin island was the main cause why so many people died.

KOMSOMOLSKAYA PRAVDA wonders whether the subterranean cavities which developed beneath quake-stricken Neftegorsk as a result of an intensive production of oil were a kind of amplifier of the earth jolts in the area.

ROSSIYSKAYA GAZETA quotes Prime Minister Viktor Chernomyrdin as pointing out the need for the building-industry angencies to help Sakhalin. There are many unfinished buildings on Sakhalin. The construction of those buildings should be completed with due regard for seismic resistance, the Premier said.

ROSSIKIYE VESTI carries an account of Russian President Boris Yeltsin's tour of two districts in Moscow region. The newspaper reports that Yeltsin devoted attention to the forthcoming talks with the Ukrainian President on the Black Sea Fleet. "We shall finally determine the extent to which we may make concessions," the newspaper quotes Yeltsin as saying. As regards the situation In Bosnia, the newspaper reports that the President emphasised that a settlement of the Bosnia conflict would help soften sanctions against Belgrade.

ROSSIYSKAYA GAZETA quotes President Yeltsin as saying during his tour of the Moscow region that "the state of affairs in the country improves, particularly in the economic and financial fields. In May, the growth of production was already four percent, and economic and financial stabilisation is expected at the end of the year".

IZVESTIYA believes that the destiny of General Aleksandr Lebed is in the hands of the President. In an article to this effect the newspaper writes about a rather tough-worded conversation between Lebed and Mikhail Kolesnikov, Chief of the General Staff of the Russian Armed Forces, during which the Commander of the 14th army declined two assignments suggested to him and tendered his resignation.

Lebed is of the opinion that the resignation petition is an enforced step since the general regards disbanding the Control Agency of the 14th army as a crime. The newspaper also writes about the negative attitude of the 14th army officers to the pressure being put on their commander. People here are capable of a serious protest against the dismissal of General Lebed, Izvestiya believes.

KRASNAYA ZVEZDA (Red Star) carries an article about combat operations in Chechnya, pointing out that every move there is made at a price of irretrivable losses, although the Command "seeks to take good care of the personnel's safety". The newspaper points out, referring to Vice-Premier Sergey Shakhray, that "the government has totally lost the propaganda war to Dudayev's ideological agency".

ROSSIYSKAYA GAZETA runs an interview with Mikhail Poltoranin, Chairman of the State Duma Committee on Information Policy and Communications.

Poltoranin pointed out that the passage of media-related bills proceeds with difficulty because those bills concern power. Speaking about the Committee's activities, Poltoranin said that "through the media-related bills we want to place media at the service of society, while old-style officials resist that. Herein is the essence of the problem".

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IZVESTIYA carries an interview with President Lennart Meri of Estonia. Touching upon Russo-Estonian relations, Meri said he had not attended the celebrations in Moscow on the occasion of the 50th anniversary of the end of the Second World war in Europe also because Russia has not made it clear so far that it is the successor to the Stalinist aggressive policy. President Yeltsin did that with regard to Poland, the Czech republic, Slovakia, and Hungary, he argued.

Meri reaffirmed Estonia's territorial claims on Russia under the 1920 Tartu Peace Treaty. The Treaty has not been denounced by anyone, the Estonian President pointed out.

PRAVDA runs an article about the International Children's Day. The newspaper writes about the current state of affairs in Russia's system for the social protection of children. This system, in the opinion of the newspaper, has been disrupted, which PRAVDA blames on the present government.

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NATO Said Ready To Hold Consultations With Russia

LD0106124395 Moscow INTERFAX in English 1102 GMT 1 Jun 95

[FBIS Transcribed Text] NOORDWIJK (NETHERLANDS), May 31 (INTERFAX) — NATO is ready to hold consultations with Russia on the issue of its enlargement while it will not grant Russia or any other state the right to veto, NATO General Secretary Willi Claes declared at a press conference in Noordwijk Wednesday after conclusion of a session of the North Atlantic Cooperation Council (NACC). He underlined that NATO's enlargement will facilitate strengthening security in Central and Eastern Europe.

"In this case Russia will not end up in isolation," Claes underlined.

In his words, the alliance's council will have exclusive right to decide whom to admit to NATO.

"We will not endure any right to veto or control on this issue," Claes said.

On the proposal of Russian Foreign Minister Andrey Kozyrev to transform the NACC and the steering committee for NATO's Partnership for Peace program into a single forum — Council of Euro-Atlantic Cooperation and Partnership, Claes said: "We are ready to discuss this issue as well, but Russia should have no doubts: nobody will give it the right to veto NATO's enlargement."

Army Daily Comments on NATO Partnership

MM0106132595 Moscow KRASNAYA ZVEZDA in Russian 1 Jun 95 p 3

[Article by Aleksandr Golts: "Partnership With NATO Does Not Mean Consent to the Bloc's Expansion"]

[FBIS Translated Text] A joint document, incorporating the mechanism for our country's participation in the "Partnership for Peace" program, was approved at the 31 May meeting between Andrey Kozyrev, head of Russia's Foreign Ministry, and his counterparts from NATO countries. In addition to the actual program for partnership with NATO, which presupposes development of relations and contacts in precisely the spheres which Moscow considers acceptable, it also covers the institutionalization of the mechanism for consultations between Russia and NATO on problems of global security, specifically peacekeeping and the nonproliferation of nuclear weapons.

If truth be said, it would be hard to find a less suitable time to formally join the "Partnership" program whose main objective is proclaimed to be the strengthening of stability and security in the continent of Europe. At this very time the NATO states are demonstrating their obvious inability to find a way out of the blind alley in which they have driven themselves by launching air strikes against the Bosnian Serbs. Now it is perfectly clear that the Atlanticists' obsession with threats to make extensive use of force in order to resolve the conflict in Bosnia has resulted in nothing but making the Serbs abandon all forms of diplomacy and adopt the principle of "War Is War," transforming several hundred "blue helmets" into hostages.

The latest events in and around Bosnia are most directly and immediately related to the prospects of Russia's partnership with NATO. It is no secret that, whenever there was talk about bombing the Bosnian Serbs, NATO made its decisions behind closed doors. Russia was presented, to all intents and purposes, with an accomplished fact. The reason why is well known: Without being in any way the "Serbs' advocate" as some people would like to make out, Moscow was and remains quite firmly against double standards when appraising the warring sides' actions. This is because it realized: The ultimate result of double standards would be to make the Serbs perceive both NATO and the United Nations as parties to the conflict. And this has happened now.

The NATO states, some of which are actually playing quite a risky game in Yugoslavia, preferred to ignore Russia's warnings. But when the situation became critical, they hastened to involve Moscow in attempts to ease the situation. And here we have a more general question: Is partnership with NATO as a whole not likely to assume an equally unilateral nature? In other words, having the Atlanticists decide something and then invite Russia to participate in the implementation of these decisions.

The partnership itself, as formulated in the presentation documents, is certainly necessary and useful. We are, after all, talking about contacts in the security sphere which will at least eradicate existing fears and improve mutual understanding between participants in the program. The program envisages joint military planning and troop training, as well as coordination of military doctrines and the organizational development of armed forces. Here it is necessary to emphasize that partnership does not at all mean that all participants in the program must without fail adhere to NATO standards in, say, the armaments sphere.

It is a different matter that all the unquestionably useful measures envisaged by the program would be left hanging in the air unless they are backed by a system of extensive consultations on problems concerning Eu-

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ropean security. Moreover, consultations which would guarantee that Russia's opinion would be taken into account.

Is this likely to happen? It is hard to give an unambiguous answer. After all, the main difficulties about Russia's participation in this program emerged when the North Atlantic bloc's leadership organs made the decision to expand it. Moscow opposed this, being fully justified in doing so. In reply we were told that not a single country which is not a member of NATO would have the right to veto any of the bloc's decisions. The sides' official positions have not changed since then. Russia is included in the implementation of the partnership program, but it still considers that NATO's "nonexpansion" is the most important condition for the efficiency of its cooperation with this organization. But it remains unclear to this day what Moscow would do if NATO's expansion continues at its present accelerated pace.

As a matter of fact, a series of experts believe that there are already signs that the Atlanticists are gradually learning to take Russia's interests into account. Specifically, these experts have drawn attention to the fact that, in the final document of the just-ended NATO Council session, the foreign ministers of the alliance's member countries, without rejecting the idea of its expansion, insist on the "evolutionary nature" of this process. It is also worth noting that the prospects of admitting new members to NATO are indirectly linked with the admission of these selfsame states to the EU. But if we were to bear in mind that none of the states rushing to join NATO is likely to meet the EU's criteria for a long time to come, the prospects of their joining the North Atlantic bloc become more remote.

Be that as it may, by joining the "Partnership" program Moscow is gaining an opportunity (it is unclear whether it would succeed in taking advantage of it) to more effectively uphold its interests. If that happens, the program itself could become something more than just an ordinary appendage of NATO. The latest events prove unambiguously: By dint of the fact that only some European states are represented in NATO, it expresses only their interests. This is why the Atlanticists are displaying an inability to cope with the new security challenges in Europe. Russia's inclusion in the "Partnership" program can lead to the creation of a more effective structure.

Afanasyevskiy: NATO Partnership 'Not Easy'

LD3105211295 Moscow INTERFAX in English 1852 GMT 31 May 95

[FBIS Transcribed Text] MOSCOW, May 31 (INTERFAX) — It was not easy for Russia to decide to put into action the programs on partnership with NATO, Russian Deputy Foreign Minister Nikolay Afanasyevskiy told INTERFAX today.

He commented on the enacting today of an individual program on partnership between Russia and NATO and a document on areas for intensified dialogue and cooperation between Russia and NATO.

Afanasyevskiy said that when making the decision Moscow had to take into account many various factors, especially given the background of attempts to accelerate NATO's enlargement and make it a substitute for enhancing partnership.

The Russian president had decided to put into operation the Russia-NATO partnership programs after discussing the issue in detail in the Security Council and after coordinating the issue with the departments concerned, Afanasyevskiy said.

He said that the programs were in fact a list of intentions and possible actions reflecting mutual interest in developing cooperation and enhancing the mechanism for consultations on concrete security problems.

Afanasyevskiy said this was a kind of menu from which Russia and NATO would be choosing concrete areas and forms of cooperation without imposing anything on each other.

He said Russia's participation in the Partnership for Peace program and the special mechanism for consultations between Russia and NATO would help Moscow to take a more active part in reforming the North Atlantic Alliance and in discussing NATO's enlargement as well as promote Russia's concept for European collective security.

Afanasyevskiy said the position of Moscow towards NATO's enlargement remained the same. "We still believe that it does not conform either with the interests of Russia's national security or with the interests of European security as a whole. A decision to expand NATO to the East would force Russia to correct its position towards the Partnership for Peace program," he said.

Foreign Ministry Military Expert on PFP Membership

LD3105213995

[FBIS Editorial Report] Moscow Russian Public Television First Channel Network in Russian at 1910 GMT on 31 May carries the 10-minute "Versions" program in which Colonel General Boris Gromov, chief military expert at the Russian Federation Foreign Ministry, is interviewed on Russia's decision to join the Partnership for Peace program.

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Commenting on the general state of relations between Russia and NATO, Gromov says: "I would say that a certain interaction — which could by no means be called friendship or close cooperation — a certain interaction should definitely exist. That is, from my point of view, our strategy should aim at preventing conflicts between Russia and NATO in Europe or in the United States or anywhere else in the world because neither Russia nor NATO can benefit from this."

He goes on to say that NATO should not be allowed to expand eastward: "An eastward expansion of NATO is absolutely unacceptable to Russia. In my opinion, Russia should never make any positive comments on this matter or say anything that could be interpreted that way. We should firmly insist that Russia is categorically opposed to NATO expansion, and say so. The reason for this is that any expansion of NATO, even if it is joined by a single country, would mean that all the treaties we have in Europe — not just with NATO but in Europe in general, including the Helsinki act on inviolability of borders and all the rest — all this would not be valid any longer."

On proposed cooperation with NATO, Gromov states: "We are not refusing to cooperate with the NATO bloc but we must watch what we cooperate in. My personal opinion is this: if it is a matter of observing all the documents which this program, the Partnership for Peace, involves, then it is unacceptable for us."

Kozyrev, Ryurikov Messages on PFP Contrasted

MK0106074095 Moscow KOMMERSANT-DAILY in Russian 1 Jun 95 p 4

[Report by Georgiy Bovt: "For Want of Something Better"]

[FBIS Translated Excerpt] Yesterday KOMMERSANT-DAILY wrote that the ceremony of the official launching of the program for Russia's individual cooperation with NATO as part of the earlier signed Partnership for Peace [PFP] agreement will take place in the Dutch resort town of Noordwijk without special pomp. But nobody expected that the public ceremony of Andrey Kozyrev's signing two corresponding documents in the course of the North Atlantic Cooperation Council spring session at foreign ministers level would proceed virtually in private. Meanwhile, in Noordwijk the press was at the last moment shown the door. NATO protocol services justified that by the fact that they were afraid that the Russian minister could at the very last movement do something unexpected: After all, last December he theatrically refused to sign the documents under the pretext that the forced expansion of NATO runs counter to Russia's interests. [passage omitted]

Although everything in Noordwijk turned out smoothly, it would not be quite right to trumpet the start of a new era. For instance, it is not hard to suppose what a negative response could be produced in the ranks of pathological NATO opponents by the mere fact of signing the two above documents. And this given that there is no alternative to cooperation with the bloc, which is threatening to extend to the entire Western and Eastern Europe.

What is still sadder is the now usual lack of coordination in the activity of departments that seemingly belong to one camp. In particular Andrey Kozyrev, in setting out for Holland, spoke to the effect that he was going to execute the president's express directive. And this seems to be borne out by the fact that at a recent summit with Bill Clinton, Boris Nikolayevich did promise to "make headway" in the relations with NATO before the end of May.

Yet it is not clear why Dmitriy Ryurikov, aide to the president whose will Kozyrev executes at the Dutch resort, said something quite different on the same day. Owing to the events in Bosnia, he maintained, now is not the best time for enacting the documents on cooperation and interaction between Russia and NATO. [passage omitted]

Scenario for Relations With U.S., NATO Viewed

MK3105132095 Moscow MOSKOVSKIYE NOVOSTI in Russian, No. 38, 28 May-4 Jun 95 (Signed to Press 30 May) p 13

[Report by Aleksey Pushkov in the "Forecast" column under "The World and Us" rubric: "The Crisis Has Been 'Postponed' Till Winter"]

[FBIS Translated Text] On 31 May, as Yeltsin promised Clinton in Moscow, Russia enacted a program of cooperation with NATO. This notwithstanding, the crisis looming in their relations has not been overcome.

The situation of a separate "free fall" into the future by Russia and the united West is alarming enough. The sides will hardly "open parachutes" at the G-7 meeting in Halifax, where Presidents Yeltsin and Clinton wanted again to discuss the problem of the bloc's expansion. Clinton has so strongly associated his name with the expansion that there is no way he can backtrack, especially in the context of an election campaign.

Boris Yeltsin's room for maneuver is also limited. In Russia an internal political consensus is in evidence: The expansion of the bloc contradicts its national interests. This means that the president's hands are tied. Whatever he says to Clinton will then inevitably be

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adjusted or simply disavowed by Moscow (as was the case with Yeltsin's ill-fated statement about Russia's agreement to Poland's accession to NATO). Moreover, signs are that it is no longer possible to sway Yeltsin himself to a soft reaction to the bloc's expansion. So the problem is apparently being postponed till late fall, November-December, when NATO is to announce the time frame and parameters of its expansion.

Tactical Maneuvers

Skydiving in diplomacy can have any meaning if it results in an accurate landing. The impression is that neither side, however, really knows where it wants to land. The Clinton administration has a poor idea of what to do with Russia. That is to say, the general task is clear: to expand NATO and not to quarrel with Moscow. But how to achieve this?

At one time Washington spoke about a special mechanism of NATO-Russia consultations which will help address its concern about the bloc's expansion. Then they began to talk about a strategic union. But it is absolutely not clear what is meant by such a union, what the sides' obligations will be, or to what extent strategic cooperation between NATO and Russia is possible in the first place — without allowing it into the bloc's integrated structures, which is precisely what the West does not want to see happen.

And because Clinton — just like, incidentally, his European allies — has no answers to strategic questions, he has engaged in the tactic of prompting Moscow to actuate a program for extended cooperation with the bloc as part of the Partnership for Peace which was coordinated nearly a year ago. Such a promise on the part of Boris Yeltsin was received by Clinton at the latest May summit meeting — in exchange for the promise to postpone the bloc's practical expansion to a distant future. Without clarifying the essence of further relations between Russia and NATO, however, the enactment of the individual program for Russia's cooperation with NATO per se can do little.

Clearly, NATO will not pacify Moscow with this program, not even with all the provisos about Russia's special status and its role as a great nuclear power. The only thing it gives the Clinton administration is the possibility to convince itself that it still controls relations with Moscow and is gradually leading it to accept the inevitability of NATO expansion. But even this could turn out to be self-deception in the end. The program is treated rather skeptically by the Russian Defense Ministry and the General Staff, which are supposed to implement it. Moreover, Moscow has already indicated that it will revise its attitude to the program should NATO expand.

But neither does Moscow have a realistic positive concept for relations with the bloc. Last week's Security Council session, which was at least six months overdue, failed to provide new answers. Moscow still does not know what to do in response to the pending expansion. On one hand, it is unwise to turn it into a cause for a new drastic separation with the West, but on the other, it is impossible not to react either.

Moscow politicians are partially justified by the fact that it is not Russia that is upsetting the strategic situation in Europe, and it is not Russia that is creating a potential threat to Western security. Quite the contrary, it is the West which is upsetting the situation and is creating such a threat for Russia — even if purely hypothetical. Therefore it should primarily be the one to look for answers to the puzzles it has brought on itself. Including the main one: How to build relations with Russia in the context of the bloc's future expansion.

The fact that the ball is in the Western part of the European political court, however, can serve only as relative consolation. Especially considering that the United States has already entered the period of pre-election battles, when the importance of political emotions increases, and the importance of rational arguments declines.

A Contest in Incompetence

The current situation is fraught with problems also because of what one prominent U.S. expert described as a contest between Moscow and Washington in diplomatic incompetence. Much has been written lately about the level of Russian diplomacy. But the situation in the Clinton administration is little better.

Take, for instance, the recent collision over the delivery of a Russian nuclear reactor to Iran. None other than Warren Christopher, U.S. secretary of state, turned this issue into virtually the main problem of U.S. foreign policy, agitating the Republican Congress and the media to the limit. And this in a situation when it was clear that in the course of his visit Clinton will not get Moscow to back out of the contract in any event. Thereby Christopher unleashed a major scandal, in effect programming sharp criticism in the United States of the results of his boss' visit to Moscow and successfully mining the future of Russian-U.S. relations.

Likewise it is not quite clear why Washington, if it still hopes to persuade Moscow to put up with the expansion, should involve Ukraine in the game. Leonid Kuchma's statement during Clinton's visit to Kiev to the effect that Ukraine supports a gradual NATO expansion can hardly be accidental. Especially considering that Kuchma confirmed this position during his recent visit

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to Riga. If there is something that can annoy Moscow, it is NATO's wooing Kiev. The formation of the Kiev-Riga-Tallinn-Vilnius axis based on the positive attitude to the bloc's expansion to the East is not in U.S. interests either, if it wants to preserve at least a semblance of good relations with Russia.

Looking ahead from today, one can predict the following scenario. Moscow will, in all likelihood, preserve the current cautious wait-and-see position, which will be accompanied by tactical maneuvers around the Partnership for Peace. In playing his "American game," [Otygryvaya svoyu 'Amerikanskuyu partiyu'] Andrey Kozyrev will apparently insist on a "soft linkage" of our attitude to NATO to the postponement of the expansion to a later date. Those who depend on the West less and are less inclined to trust it will maintain the idea of "tough linkage," maintaining the impossibility for Russia to implement the partnership program if NATO decides to expand. Two strategically different approaches to the prospect of the bloc's expansion lurk behind these seemingly tactical disagreements.

As for the United States, it is not ruled out that Clinton will try to delay a concrete answer on the time frame and list of candidate countries entering the bloc until the outcome of presidential elections in Russia becomes clear. In this event, however, the Republicans will accuse him of softness and cowardice in dealing with Russia. In all likelihood, he will give in to their pressure and will cite a more immediate time frame for the expansion than would be dictated by considerations of reasonable diplomacy.

At the same time it is a rather hopeless exercise to look even six months ahead in the present situation. It is not excluded, for instance, that with a certain turn of events around Bosnia, Russia will fall out with NATO long before December. In this event things will follow quite a different scenario.

Ambassador to UK on Fears Over NATO Expansion

MS0106094395 London THE EUROPEAN in English 2-8 Jun 95 p 7

[Article by Anatoliy Adamishin; Russian Ambassador to the Court of St. James, London: "Help Us With a Freeze on Nato"]

[FBIS Transcribed Text] It is almost 300 years since Peter the Great visited the British Isles and went down in history as the man who opened a window from Russia to Europe.

It was Peter, the first Russian emperor, who began our journey towards European civilisation. That journey has been going on ever since, with some detours, but it has to be admitted that Russia's subsequent acceptance in Europe was based largely on her capacity to be a powerful ally in the endlessly changing military coalitions between European states.

An opportunity has now emerged to change all that and to ensure genuine peace and co-operation throughout the continent. The demolition of the Berlin Wall has meant the end of the ideological and military divide in Europe, and, as John Major recently put it, we are all "on the one side of the barricade".

But the difficulty of finding a common language between former enemies — now partners-to-be — and of establishing a common balance of interests is clearly demonstrated by the topical problem of Nato expansion. The bottom line is this: whichever way one looks at it we do not favour such an expansion because it affects our vital interests.

To begin with, Nato which, by the way, has not abandoned any of its military capacity — is in danger of encroaching on our borders. Western Europeans keep telling us that they instinctively hold on to Nato as a reliable and cost-effective system of collective security, one which also ensures a continued linkage with the United States. Although no threat is expected from Russia for at least 25 years such a threat could materialise from elsewhere. But a collective defence alliance which would not be military has yet to be invented.

Thus, a powerful allied military force could conceivably be stationed on the borders of Belarus and Ukraine — CIS member states and neighbours of Russia. The question is: for what purpose? For many Russians the question has no answer. Naturally, it is a good thing to hear that there are no aggressive intentions, but it is rather hard to forget that the two bloodiest wars (three actually, if one recalls Napoleon) came to Russia from the West, through the territory of Poland which is now longing for Nato membership.

Another aspect, the political one, is no less alarming. Two zones are emerging in Europe: one comprising Nato member states, and the other consisting of those nations which are not members of the alliance and which, we are told (probably to reassure us), are no expected to become members in the foreseeable future. Europe, in effect, is being divided economically and militarily into two unequal parts.

These facts are difficult to dispute. Everything else, including pronouncements to the effect that allegedly there is no desire to erect new barriers in Europe, is pure rhetoric. Are we not reverting to coalition logic

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again? Such artificial divisions could lead, God forbid to fresh confrontation and whatever comes afterwards.

Would not it be better from the very outset to rule out such a course and instead establish in Europe (and not only in Europe) an entity which, in military economic, political, and legal terms is as homogeneous as possible? If not we are in danger of throwing away the spirit of cooperation which came with the end of the Cold war.

It is clear that there is now a movement to turn Nato into Europe's dominant political institution. What is much less clear is how to avoid a situation where Russia is excluded from this decision-making mechanism. How would you like Russia to deal with such a situation? The events in former Yugoslavia prove that this is not just an abstract consideration.

Last, but not least, is the impact of possible Nato expansion on the internal politics of Russia. Nationalistic forces, which cannot yet be discounted in their struggle against reformists in Russia, would regard the following line of argument as a gift from heaven: "Just look at the West! It is not content that we left eastern Europe, or with the GDR being absorbed by the FRG or even with the collapse of the Soviet Union?

"Nato's military machine is now nearing our borders. Are we not going to respond to this? Are we not going to strengthen our army and our military-industrial complex which is being pushed out of all our former markets?"

It seems to me that this aspect is, by and large, insufficiently taken into account in western strategic calculations. Meanwhile, the real security of the West is achieved not by the arithmetical expansion of Nato members, but rather by Russia becoming a nation with a genuinely predictable and stable policy — a truly democratic partner. The plans to expand Nato hinder this process rather than facilitate it.

In recent discussions, I have heard the following arguments: "We, in the European Union, cannot help but admit the countries of Visigrad 'four', plus the Yugoslav 'two', plus the Baltic 'three'. Since this is the case, those countries must automatically become members of the Western European Union.

"So how come you in Russia cannot see that they must inevitably become Nato members? Otherwise we, the Europeans, would have to fight in a potential conflict only with the Western European Union forces and not with Nato, ie without the United States?" It reminded me of an ancient saying: "Let the world collapse, but justice should prevail."

But the thing is that Russia's opinion exists, too. And since we seriously want to establish a partnership, that opinion should also be taken into account.

Can we resolve these still-conflicting interests? I believe we can, both from a theoretical and practical point of view. Moreover, compromise has already been found, as when the Americans put forward the idea of "Partnership for Peace". Actually, the idea was an alternative to a number of states entering Nato. Multilateral co-operation was replaced by bilateral agreements. It is true that later the United States reinvented its own idea.

For some states "Partnership for Peace" became an intermediate stage before entering Nato, and for others a final status. Here again a division was introduced between the so-called "clean" and "dirty" nations.

Under such circumstances, Russia clearly had to take a "time-out" to consider its position and to think how the programme of "Partnership for Peace" might be implemented when the original idea had been so radically changed. So far, Russia's concerns in this matter have been met by words, and words alone.

There are now two options. The first is simply not to take Russian interests into account, as some people suggest. The second is to continue the search for a solution and, with this in mind, to announce a moratorium on the expansion of Nato — let's say for the whole of next year.

It would be acceptable to Russia for another important reason. We have already entered a very intensive — I would even say nervous — election campaign. The elections to the state Duma are scheduled for December this year and the presidential elections for June of next year.

Will these elections take place as scheduled, and, if so, according to what rules? And what will be their results? All this depends on developments in our domestic situation.

But western Europe — Nato, if you wish — could influence things in a positive way, and help to strengthen Russian democracy, if it takes a balanced position on questions where important Russian interests are at stake. I would dare to say that the West is less interested in the expansion of Nato than Russia is interested in its non-expansion.

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NATO's Changing Stance Toward Belarus Viewed

MM3105135695 Moscow PRAVDA in Russian
31 May 95 p 7

[Article by Stanislav Menshikov: "Pawns in NATO's Game"]

[FBIS Translated Text] Rotterdam — Of late the words "Minsk" and "Lukashenka" have caused perceptible confusion in Western capitals. People there have had a pathological reaction to the results of the Belarusian elections and referendums. They have gotten angry at the removal of the border posts between Belarus and Russia and the latest demonstration in Minsk of the two states' rapprochement. Why has there been such an abrupt change of mood in NATO? A move away from ostentatious disregard for Belarus' position to acute interest in its future? The article published in THE WALL STREET JOURNAL headlined "Belarus: One Step Forward, Two Steps Back" unwittingly reveals the Western geostrategists' cards.

"Few people usually get agitated about Belarus," the U.S. newspaper says. "If there is a post-Soviet republic about which the West knows little and cares even less, poor Belarus is just such a black hole of indifference." In the newspaper's view, this is a mistake which must be urgently rectified. "Even a fleeting glance at the map indicates how important a strategic position it occupies, bordering the Baltic countries, Ukraine, and Poland, as well as Russia. The fact that recent political events there are a future omen is even more important. Belarus may be showing the way that a considerable proportion of the old Soviet Union is going today."

The newspaper primarily dislikes the Belarusian president himself, who, although elected in free, national elections, does not fit in with the standards that people in the West admire as democratic. First, he is "exploiting and expanding his powers as head of the executive." And, second, he is "implementing a program of Russian-Belarusian reunification." Can you guess which standards are more important for the West? That is right. As for the correlation between the branches of power in a particular country, that is not so much a matter of taste as of political position. Few people in the West, for instance, would reproach Yeltsin for the excessive broadening of presidential authority in the new Russian Constitution. They swallowed that without a murmur. And they were not worried by the dissolution and bombardment of the Russian parliament, they even wished him bon appetit. Whereas Lukashenka's comparatively mild actions that did not exceed the bounds of law seemed "two steps back" from democracy.

THE WALL STREET JOURNAL admits that the situation as regards presidential power in the CIS is by no means always rosy. For instance, some leaders in Central Asia have managed to secure for themselves virtually unlimited tenure. But, in the newspaper's opinion, there are two great differences. "The concentration of power in Lukashenka's hands differs from Saparmurad Niyazov's strong-arm methods in Turkmenistan and those of Islam Karimov in Uzbekistan in that Lukashenka supports greater integration with Russia." Thus, the main criterion is by no means separation of powers. That is just a diversion. The key lies elsewhere: If you look more to Washington than to Moscow, you are a true democrat no matter what you do at home. If you want rapprochement with Russia, pardon me for saying so, no free elections will save you in the eyes of "world," in other words Western, public opinion.

I wonder why the West has become so obsessed with Belarus. They are afraid that its example might become contagious. This is what they say: "Only time will tell whether Lukashenka will remain alone or whether he will be followed by other CIS leaders." In the newspaper's opinion, even Shevardnadze is showing signs of being "ready for economic and military integration with Russia." Well, fear makes mountains out of molehills, it prevents people believing in the devotion of even such close Western friends as the Georgian head of state. The specter of the perfidiously destroyed Soviet Union prevents people in the West sleeping easy.

There is also another reason for the anxiety. "Unlike Russia, Belarus shares borders with potential NATO members. At present Poland's inclusion in NATO will not bring this alliance into direct contact with the Russian Army as was the case prior to 1989. But if Belarus becomes part of a reintegrated 'union of republics,' the strategic map will look quite different." What will change if something like the old USSR ends up alongside Poland instead of the Belarus "no-man's-land"? This may "put a spanner in the Western works and leave the countries of East Europe in a strategic vacuum." In other words, this turn of events threatens to scupper NATO's plans for eastward expansion.

At first glance, these misgivings seem exaggerated: From NATO's viewpoint, is it not all the same whether the current Belarus or a Russian-Belarusian alliance border Poland? Poland will at any rate be admitted to NATO if they try hard. But the whole point is that NATO's appetite is by no means confined to the four countries of East Europe. The real idea is to extend its sphere far wider — to the Baltic countries, Ukraine, the Caucasus, and Central Asia. Even if this does not initially mean formal NATO membership but under

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some other guise, "partnership" for instance. Belarus' desire to literally close the gap with Russia is driving a wedge into these intentions, snatching from NATO's grasp a large chunk of the longed-for "Lebensraum." And if Belarus is followed by other CIS countries, only a pitiful semblance of these far-reaching plans will remain.

THE WALL STREET JOURNAL praises Clinton for finally "acknowledging the strategic importance of Ukraine," thus incorporating it in the U.S. sphere of interest. According to the newspaper, it is time to do the same with Belarus since the ghost of the Soviet Union is watchful. "As good chess players, the Russians know that the most important pieces on the board are not the most obvious ones. Even the pawns can occupy a vital position. After the tragic Belarusian election farce, another key figure has taken its place in the grand game for influence around post-Soviet Russia."

Western players are very afraid that the Belarusian "pawn" might just gobble up the NATO king. Well, let them be afraid. Readers, are you not sick of the sight of the rook dying to divide up the great Soviet Union, and also of Russian politicians who pretend that partnership with NATO is our only salvation?

Further on Events Surrounding Former Yugoslavia

Yeltsin Urges Eased Belgrade Sanctions

MM0106080695 Moscow ROSSIYSKIYE VESTI in Russian 1 Jun 95 p 2

[Report by Pavel Anokhin and Yelana Ishkova: "Things Said in Moscow Oblast Heard Not Only in Russia"]

[FBIS Translated Excerpt] Boris Yeltsin's tour of two Moscow Oblast rayons began with a visit to the Dedovsk Ceramic Tile Plant.

During a conversation with journalists he said that he would be going to Sochi 8 June, where he will discuss with Prime Minister Viktor Chernomyrdin and experts Russia's position during the talks with Ukrainian President Leonid Kuchma on the Black Sea Fleet. A meeting will be held 9 June.

"We will decide once and for all how far we can back down," Boris Yeltsin told journalists. "We will insist on the accords reached in Massandra and Dagomys, where we signed documents. We will insist on a '50-50' split, with the Russian part of the Black Sea Fleet being based in Sevastopol. And if they refuse this time, that will be it, and we will terminate our joint account [denezhki vroz]."

I must add to what the president said that the previous accords presuppose Russia's subsequently buying 32 percent of the Ukrainian section of the Black Sea Fleet.

During the conversation the Russian president also touched on the Sakhalin tragedy. He said that 150 pieces of equipment are already at work there, but that is not enough. According to him, he is tightly monitoring the aid and is confident that the country can cope with eliminating the aftermath of the natural disaster on its own.

"We have not so far accepted foreign aid," Boris Yeltsin stressed. "Because they would use that aid for speculation for years afterward and say: Give us the Kuril Islands."

Residents of Dedovsk turned the conversation during their discussion with the president to collective horticultural societies, complaining that they had originally received six ares of land apiece, while "palaces are being built" nearby by owners with far more land. The Russian president stressed that, given the size of Russia, it was stupid to limit people to six ares. Everyone must take as much land as he can work.

Needless to say, journalists enquired why the Russian president was visiting precisely this plant. Boris Yeltsin replied that he knows the production unit and has not been to the oblast for a long time. His position was explained in detail by Russian Minister of Construction Yefim Basin, who stressed that plants like the Dedovsk Ceramic Tiles Plant have gotten to their feet and are capable of competing in the market. [passage omitted]

Then the president went to Dmitrovskiy Rayon, where the "Yakhromskiy" Sovkhoz College is located. [passage omitted]

Touching on international matters, in particular the conflict in the former Yugoslavia, Boris Yeltsin stressed: "We have said all along: Provide an opportunity to ease the sanctions on Belgrade somewhat in order to help the former Yugoslavia as a whole and Serbia in particular," the Russian head of state pointed out. "It is necessary to come to the negotiating table and continue the work of the Contact Group on a peaceful settlement in the former Yugoslavia."

Kozyrev, Christopher Hold Talks

LD3105182995 Moscow ITAR-TASS in English 1820 GMT 31 May 95

[By Valentin Volkov, Yuriy Kozlov, and Aleksandr Mineyev]

[FBIS Transcribed Text] NOORDWIJK, the Netherlands, May 31 (ITAR-TASS)—Russian Foreign Minister Andrey Kozyrev met U.S. Secretary of State Warren Christopher in Noordwijk on Wednesday to discuss European security.

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Kozyrev and Christopher who are taking part in a session of the North Atlantic Cooperation Council also discussed U.S.-Russian cooperation in the international arena and the situation in Bosnia-Herzegovina.

Kozyrev also had talks with the foreign ministers of Germany, Britain and Canada. The discussions focused on European construction and Bosnian settlement.

In his meeting with Canadian Foreign Minister Andre Ouellet, Kozyrev also touched upon the issues connected with the preparation of the upcoming G-8 meeting in Halifax.

Commander on Relations With Serbs

LD3105141995

[FBIS Editorial Report] Moscow NTV in Russian at 2000 GMT on 30 May broadcasts the "Segodnya v Polnoch" news program, in which Vladimir Kara-Murza presents a four and a half minute report on the Contact Group on former Yugoslavia's sitting in Noordwijk. The report is interspersed with excerpts from an interview with Yevgeniy Podkolzin, the commander of the Russian Federation airborne troops. The interview is conducted in an office with maps of Bosnia on the desks. No date for the interview was given.

Podkolzin says: "It looks as though the Serbs, you could say, had to take hostages to draw attention to both sides being treated right. Although I am sure that they, you know, will not taunt them." He goes on to say: "No one has been detained from the Russian contingent of peacekeeping forces, I mean the airborne troops — I have two battalions there. Three observers were detained who are now in the 629th Infantry Battalion — it is the battalion that is based in southeast Sarajevo. They are alive and well. They were taken hostage and then returned to our battalion."

The Russian command is proceeding with its plans to rotate the peacekeepers, Kara-Murza reports. Podkolzin says: "We will leave those servicemen, contract soldiers here who want to conclude contracts for another six months, but we will bring back those who do not want to stay and replace them with the next contract soldiers. Today we have already sent back, two, no three planeloads of personnel and some material supplies."

The tone of the Contact Group's document calling for the cease-fire to be renewed "bears witness to the substantial influence of Russian diplomacy," Kara-Murza says.

Podkolzin states: "We will insist that our peacekeeping forces remain. The fact that we are staying in the peacekeeping forces is a matter of the prestige of our great power, it is prestige, you could say, and support for the Serbs. The Serbs have always been our brothers and the relations of the Serbs toward Russian servicemen, irrespective of their rank, officers, soldiers, sergeants, are good without exception. Although it is not ruled out that our men could also be taken hostage, we nevertheless, our soldiers know — soldiers, officers, sergeants — that if they are taken hostage, they have the right to put up opposition, even to fulfill those demands, but we as a country, you might say, are responsible for its contingent, we must take all measures, all political measures, to free them."

Croatia Said Violating Arms Embargo

LD0106124795 Moscow ITAR-TASS World Service in Russian 0536 GMT 1 Jun 95

[By ITAR-TASS correspondent Boris Sitnikov]

[FBIS Translated Text] United Nations, 1 Jun (ITAR-TASS) — Croatia is arming itself in violation of the international embargo on arms deliveries to that region. The UN committee for sanctions against the former Yugoslavia established that the Croatian Army, bypassing the military embargo, did in fact secretly acquire helicopter gunships, which it used during the recent offensive against Serbian Krajina [RSK].

Sergey Lavrov, the Russian Federation's permanent envoy at the United Nations, said in a conversation with an ITAR-TASS correspondent that following the first reports that Mi-8 helicopter gunships had suddenly appeared in Croatia, at Russia's urgent demand the sanctions committee six weeks ago made a corresponding request to the Croats in which it called for the numbers of all the helicopters at their disposal to be presented within a period of 10 days in order to compare their previous and current numbers and composition. The committee also requested Croatia to supply within one month all information as to how they acquired the new helicopters. "The deadline for the Croats to provide a full explanation expired on 31 May. The Croats supplied the numbers of the helicopters, but only after a delay. It is clear from the information given that they acquired the helicopters recently," Lavrov said.

He noted that confirmation had come in from the UN forces in Croatia that helicopter gunships of this type were used during the recent Croat offensive in the RSK.

More on Russian Peacekeepers

LD0106144695 Moscow ITAR-TASS in English 1432 GMT 1 Jun 95

[By Andrey Naryshkin]

[FBIS Transcribed Text] ZAGREB June 1 (ITAR-TASS) — Thirty-four Russian peacekeepers are blocked

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by Serbs in Bosnia but, according to the chief of staff of the United Nations "Sarajevo" sector, not one of them is in a position of a hostage. "I want to emphasise this fact. Unverified reports of Russian media create a multitude of problems", colonel Andrey Demurenko, chief of staff of the United Nations "Sarajevo" sector, said this in a telephone conversation with ITAR-TASS on Thursday.

Indeed, 34 Russian servicemen were blocked on observation post on Vidikovac mount and on heavy weapons assembly sites in Uzdonje and Hres. All of them have a relative freedom of movement within the limits of these military facilities, are supplied on time with food and are not subjected to violence. "There is no need to present them as martyrs. They do their service, although in quite complicated conditions", Colonel Demurenko said. He pointed out that Serbs have not removed a single unit of heavy weapons from the assembly sites that are under the Russian battalion's control.

Serbs detain some 330 "blue helmets" in the areas of Sarajevo, Pale, Visegrad, Banja Luka. And 230 out of their number can be described as hostages with good reason. They are scattered in small groups over a huge territory and the Serbs continue to keep secret the whereabouts of many peacekeepers.

The local command of peacekeepers, without waiting for decisions of higher instances of the United Nations, take steps to alleviate, the situation of peacekeepers. Yasushi Akashi, special envoy of the Secretary-General, sent to Radovan Karadzic proposals on gradual solution to this problem. Demurenko said that by all indications it will be possible to compare the lists of blocked peacekeepers with Serbs. Demurenko was authorised by higher authorities to conduct negotiations with the Serb authorities.

He said constant demands were made for access to hostages for taking out the seek and wounded, for collecting letters, etc. These minor steps, however, compel the Serbian leadership to follow the situation of prisoners and not to allow for arbitrariness against them at the level of field commanders.

Regarding the military situation in Sarajevo, military activity remains low, at the assessment of the chief of staff of the sector. Taking advantage of a pause in connection with hesitant attitudes at the U.N. Security Council, armies of the parties to the conflict are engaged in combat training, are rearranged and reinforce their positions. "There are no signs of pacifist attitudes in the ranks of Muslims and Serbs. By all indications, they take advantage of the opportunity to prepare better for renewed fighting", colonel Demurenko believes.

U.S. Dilemma Over Bosnia Involvement Noted

MM0106090695 Moscow IZVESTIYA in Russian 1 Jun 95 p 3

[Report by Vladimir Nadein: "United States Ready To Rebuff Serbs — Using Foreign Manpower"]

[FBIS Translated Text] Washington — Although the aircraft carrier Theodore Roosevelt has gotten closer to the shores of the former Yugoslavia and armored personnel carriers and helicopters have been oiled and tuned down to the last screw, U.S. soldiers will certainly not be setting foot on the red-hot soil of the Balkans.

U.S. President Bill Clinton has said that he is perfectly well-informed of U.S. public sentiment. In brief they are as follows: No to intervention! It is dangerous to go against such a powerful current. The defense secretary's claim may sound somewhat contradictory to the president's position. William Perry said that the U.S. Army is ready to conduct an operation involving 2,000 Marines, but only in order to cover the peacekeeping forces' withdrawal from Bosnia. However, the lack of coordination here is only apparent. The peacekeepers have no intention of leaving. Britain has increased its contingent. France is boosting its troops' combat readiness. Nor have the Russians and Ukrainians made public any evacuation plans. In short, the United States is still one of the most determined anti-Serb forces, but remains outside the range of the main battery.

The resumption of full-scale hostilities in the former Yugoslavia has generated a wave of criticism of the administration. The main point being that Washington allegedly does not know what the next step should be following air strikes. If they do bomb a few heavy guns, what will happen next? And the Serbs' taking of hundreds of hostages casts extreme doubt on the possibility of air strikes. Some Americans propose stepping up U.S. pressure on their European allies, since it is in Europe that the conflagration is ultimately blazing. Others are inclined to a position of gloomy aloofness, laconically expressed by former Secretary of State Eagleburger: If peoples are intent on killing one another, it is almost impossible to stop them doing so. People in the State Department do not believe that Russian and U.S. differences of approach to the situation in Bosnia can seriously complicate relations between the two states.

A number of commentators are criticizing the administration for the fact that the Serb hostage-taking caught them unawares. And although there are no U.S. servicemen in Bosnia, the photographs of UN soldiers chained to the likely targets of air strikes will cost the Clinton

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administration dear in coming battles with the Republicans.

But even newspapers critical of the Clinton administration are going no further than recommending that "effective means be sought" to influence the Serbs. And this uncertainty as regards the political prospects enables one to conclude that, although the statements emanating from Washington may increase dramatically in intensity over the next few hours, a real invasion is unlikely.

The most powerful military machine of the day does not have at its disposal a Damoclean sword to cut at a stroke the increasingly tight knot of war in the former Yugoslavia.

President Yeltsin's Aide Comments on Issues

Cited on 'Special Role' in Bosnia

LD3105164895 Moscow INTERFAX in English 1549 GMT 31 May 95

[From the "Diplomatic Panorama" feature by our diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] MOSCOW, May 31 (INTERFAX) — As things stand now, Russia will find it hard to play any special role in Bosnia, Russian president's aide Dmitriy Ryurikov told journalists in INTERFAX's Moscow headquarters Tuesday.

"First steps have been taken which have brought the situation to a crisis point and now Russia is said to have a special role to play and is being asked to act to resolve the crisis," he explained. "But if Russia does have its own role to play, then other parties should respect both Russia and that role."

Ryurikov said that Russia can influence the Bosnian Serbs only through Belgrade. "We have succeeded on numerous occasions but not recently," he complained.

Ryurikov said that foreign military presence in Bosnia can be increased provided it serves a useful purpose.

Urges Kiev To Accept BSF Proposals

LD3105195695 Moscow INTERFAX in English 1549 GMT 31 May 95

[From the "Diplomatic Panorama" feature by our diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov and others]

[FBIS Transcribed Text] MOSCOW, May 31 (INTERFAX) — The success of the Russian-Ukrainian summit in Sochi on June 9 will depend on Ukraine's ability to accept Russian proposals on the Black Sea Fleet [BSF], Russian presidential aide on international affairs, Dmitriy Ryurikov, told journalists at the INTERFAX central premises in Moscow Tuesday.

Ryurikov emphasized that Russia's position "on the key issue of bases of the Black Sea Fleet remained unshakable."

"We believe that the Black Sea Fleet base must be in Sevastopol, and only this city must be the base of the Black Sea Fleet," Ryurikov said. "The joint use of Sevastopol by the two states' fleets is simply unrealistic," he added.

Ryurikov also noted that "if Russia's interests are met, the question then under consideration will surely be Yeltsin's visit to Ukraine."

However, Ryurikov declined to name exact dates of the visit. "There have been quite many questions about the date of the visit, and unfortunately, none of them has been put into practice. So we had better see how the Russian-Ukrainian presidential talks turn out," he remarked.

Ukraine Reportedly To Get BSF Armored Equipment

MK0106095095 Moscow MOSKOVSKIY KOMSOMOLETS in Russian 1 Jun 95 p 2

[Unattributed report under the "Round the Clock Non-Stop" rubric: "A Tank as a Type of Watercraft"]

[FBIS Translated Text] Admiral Feliks Gromov, Russian Navy commander-in-chief, toured the Black Sea Fleet recently. He did not fully disclose the objective of his visit but he repeatedly stressed during a meeting in the Russian Federation staff the need to reform the fleet.

According to trustworthy sources, "reforming" the Black Sea Fleet implies turning over to Ukraine's Armed Forces the 126th Division of the Black Sea Fleet shore-based troops in Simferopol and the Krymskaya naval base.

Of interest is the fact that the 126th Division is equipped with more than 200 tanks with full sets of ammunition, and some 300 armored vehicles. By our information, all this equipment will be surrendered, under commander-in-chief Gromov's orders, to Ukraine before 1 July. Curiously, is the transfer of the heavy equipment related to "the dividing of the Black Sea Fleet?" It looks especially quaint against the background of Ukraine's statement on its possible joining of NATO, and echoed by Russia's complaints about NATO's moving closer to the Russian borders.

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U.S. Inspectors Complete Visit to Pacific Fleet

LD3105154595 Moscow INTERFAX in English 1201 GMT 31 May 95

[FBIS Transcribed Text] VLADIVOSTOK, May 31 (INTERFAX-Euroasia) — A five-day visit of U.S. inspectors to the Russian Pacific fleet in the Far East, was completed today. The visit was made under the auspices of the START-1 treaty of 1991, sources at the fleet staff told INTERFAX.

The ten-member team has inspected the fleet strategic facilities of Pavlovskiy and Rybachiy to verify that they correspond to the information they have already. According to the fleet staff, "the inspection revealed no disparity."

The U.S. military noted the high professionalism of Russian sailors and thanked the fleet command for the excellent organization of their visit.

Western Plans for Russian Oil Explored

MM3105140695 Moscow PRAVDA in Russian 31 May 95 p 6

[Report by correspondent Stanislav Menshikov: "Dangerous To Give Them Control Over the 'Pipe'"]

[FBIS Translated Text] Rotterdam — To judge by the Western press there is persistent trouble over the division of Russia's oil and gas complex. The press is presenting the accidents on our vital arteries as "sensations."

That the Russian gas and oil pipelines are bursting is deplorable enough and attests to the obvious trouble in the dollar-rich sectors. Must we endlessly disgrace ourselves in front of the whole world? But why are the foreign mass media showing such obvious interest in this?

THE WALL STREET JOURNAL lifted the veil. It turns out that U.S. and other Western investors have seriously intended to seize Russian gas and oil enterprises but would like to lay their hands on them as cheaply as possible.

THE WALL STREET JOURNAL asks meaningfully: Who will pay to put the network of Russian oil and gas pipelines in order? The Western companies estimate this work at tens of billions of dollars, insisting that Russia pay (before the West will invest its money). Look, they are saying, your goods are of inferior quality, no one needs this junk.

Recently "Gazprom" suggested selling foreign investors a maximum of 9 percent of its shares at $5 each. There were no takers although it is a case of a company which has under its control one quarter of all known world stocks of natural gas and whose extraction is over one third of the world's extraction. There is simply no larger company of this kind in the world. Why are the Western moneybags turning up their noses?

THE WALL STREET JOURNAL explains: Russian citizens were provided with "Gazprom" shares in exchange for privatization certificates for just a few cents (in terms of U.S. currency). On the Russian exchanges their trading value now is 790 rubles [R] (16 cents). Russian brokers who are quietly buying up shares from Russians are prepared to sell them to foreigners (bypassing official bans) for 30-50 cents. But that is 10-15 times cheaper than the price announced by "Gazprom." Potential Western purchasers are angry, calling the Russian authorities' behavior "uncivilized practice."

Perhaps our gas industry men really do not know the true value of their commodity. No, it turns out. The estimate of "Gazprom's" property by foreign auditors not counting known gas deposits was $120 billion. Calculated per share (about 24 billion shares were issued) that is in fact $5. THE WALL STREET JOURNAL cites even higher estimates by Western banks (counting gas deposits) — from $300 billion to $1 trillion. That is "Gazprom's" shares should cost not $5 but $12 or even $40.

The U.S. newspaper cites the conclusions of Western investors eager for oil: It is dangerous to leave Russia with control over the "pipe." "What is the point in investing money," they complain, "if we cannot export fuel from the country?" There is no question of selling it inside Russia: From the Western capitalists' viewpoint there are no solvent purchasers there and none are foreseen. It must be pumped only to the West, leaving the Russians with as little as possible.

The first "successes" on this path have been achieved. In 1990 of 520 million tonnes extracted in Russia 300 million were left for domestic consumption but in 1995 of the planned extraction of 290 million tonnes only 150 million tonnes will be left — even less. Over this time exports outside the CIS grew while deliveries to the former union republics were reduced by a factor of four. We should not be surprised that fuel in our country is gradually becoming more expensive and shortages of petroleum products are constantly arising and relations with the CIS countries are suffering. But these are only details. The oil enterprises with the participation of foreign capital have been given the right to export all their output abroad.

According to THE WALL STREET JOURNAL the consortium of Western oil companies headed by Texaco operating in the Pechorskiy Basin intends to construct nearby a maritime terminal called the "Northern Gates"

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through which the Russian oil will flow unrestricted. In the south they have thought up something else — refusing to pump across Russia, as has been done so far, the Kazakhstan oil which has come under the control of the U.S. Chevron company and the Azerbaijan oil where the lion's share in the international consortium belongs to Western companies and to dispatch it along a different route — via Turkey. Ankara is demanding that at least half this oil travel along the new pipeline, across its territory. The U.S. Government at the highest level, the U.S. newspaper writes, has resolutely supported Turkey and has applied corresponding pressure to the Russian Government. Moscow is resisting. But will it have enough resolve for long? Let us recall the agreements 50 years ago between the Western oil concerns on the partition in the colonial Near East. Since then most of the oil there has been nationalized and the old agreements no longer operate. With the collapse of the USSR they are being replaced by deals on the sharing out of oil and the seizure of Russia's gas in the former Soviet republics. The Western companies are the same. Only the colonies are new.

Foreign Ministry 'Source' on Links With Iran

MS3105140395 London THE GUARDIAN in English 31 May 95 p 10

[Report by David Hearst: "Russia Sees Rich Reward in Iranian Links"]

[FBIS Transcribed Text] The best press that President Boris Yeltsin has had of late has been in Tehran. The Russian leader has been lauded for resisting United States pressure to cancel a 650 million pound nuclear reactor deal. No wonder Moscow's ambassador has been keen to get Mr Yeltsin out there, speaking of a visit in the autumn.

The rapidly developing flirtation between Moscow and Tehran has its origins in mutual wariness. History has taught Russia to respect powerful neighbours, especially Muslim ones. Iran's cultural and religious contacts, as the self-declared defender of the Islamic faith, spread far and wide, from Tajikistan in Central Asia to the northern Caucasus, and even to central Russia, Bashkortostan and Tatarstan.

Worse still, Moscow no longer has a border with Iran. It now looks southwards over two independent countries either side of the Caspian Sea, the oil and gas rich Azerbaijan, and Turkmenistan. Russia's policy is thus guided by pragmatism as well as self-interest.

"Iran can have both a stabilising and a destabilising role on the Muslim regions of Russia," a senior source in the Russian foreign ministry said.

We need a broad spectrum of co-operation with Tehran. The broader the co-operation the narrower is the possibility of anti-Russian actions from extremist forces in Iran."

The policy is already paying dividends. While Russia has been condemned by many Islamic groups for the bloodshed in Chechnya, the Iranian government has remained silent. "Iran considers that Chechnya is an internal matter for Russia," the Russian official said.

The historic problem of Russia's access to ice-free seas also propels Moscow into a closer relationship with Tehran. When the extreme Russian nationalist Vladimir Zhirinovskiy first expressed his desire to see Russian soldiers washing their feet in the Indian Ocean, his "last push to the south" was dismissed as crazy chauvinistic rhetoric. But like all demagogues, Mr Zhirinovskiy has a knack of identifying deep-seated national concerns.

"Iran is not a poor country and there are good perspectives of economic co-operation with it," the Russian source said. "Iran's transport system can be in future for us one of the main accesses to the warm seas of the Persian Gulf and the Indian Ocean. In our strategic situation it is always best to have different routes, not only one."

With the movement of Russian oil tankers from the Black Sea ports through the Bosphorus becoming more difficult, Turkey is setting its own agenda. It is pushing for its own pipeline to Baku and the Caspian Oil shelf. Turkey also objected strongly to the revision of limits set on Russia's deployment of conventional military forces under the Conventional Forces in Europe treaty of 1990. It was only a matter of time before Moscow played the Iranian card.

But even so, the recently announced US trade embargo on Iran appears to Moscow to be riddled with humbug. Russian trade with Iran last year was 325 million-390 million pounds while Moscow estimates that US trade with Iran amounted to 2 billion-2.6 billion pounds.

The Russian nuclear agreement with Iran is to complete a reactor on a site started by West Germany in the late 1970s. At Moscow's ministry of atomic energy (Minatom), the minister, Viktor Mikhaylov, said the US was kept informed of developments between the signing of the initial agreement with Tehran in 1992 and the contract in January this year.

"I received several times US ambassadors who said it would be desirable if the reactors we sold Iran should be lightwater," Mr Mikhaylov said.

The US seemed happy. Iran signed the non-proliferation treaty and was duly inspected. The International Atomic

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Energy Agency (IAEA) in Vienna also voiced no objections.

But suddenly the balloon went up. The light-water reactor was the first step on the path to providing Tehran with the means to make a nuclear bomb, critics claimed — even though South Korea was offering the same type of reactor to North Korea, a country technically much closer to developing a nuclear bomb.

Mr Mikhaylov said: "Nuclear (power) stations won't help Iran build the bomb. This is the same as saying the delivery of nails will help them in this. The US are providing Pakistan with arms of the highest technology, but Pakistan has not signed the NPT nor does it allow inspections by the IAEA. The US are also helping China."

Similar suspicions are raised about the arguments over the gas centrifuge, which produces highly enriched uranium which can be used both for civil and military purposes. Russia has no plans to sell a centrifuge to Iran, said a Minatom expert Vitaly Nasonov. At Iran's request, Moscow had only agreed to consider the issue "in the future".

Mr Mikhayilov dismisses the US objections as "egoism and jealousy". The proliferation argument is a screen for Washington trying to maintain its dominance in the nuclear market, he says. Moscow is determined to develop its links with Iran, not sever them under US pressure.

Interior Minister Seeks PRC Help on Drug Trade

MM0106094095 Moscow KOMSOMOLSKAYA PRAVDA in Russian 1 Jun 95 p 3

[Report by own correspondent Andrey Kabannikov: "Yerin Tells Chinese That He Knows Who Killed Vlad Listyev"]

[FBIS Translated Text] Beijing — "We know who killed [TV journalist] Vladislav Listyev and why he was killed. The question is whether we will be able to prove it. But there are no political motives involved. It is possible that we will also be able to prove who ordered the killing," Russian Internal Affairs Minister Viktor Yerin told a meeting of diplomats in Beijing. He did emphasize, however, that he was expressing his own opinion and that what he said should not be regarded as an official statement.

Viktor Fedorovich isa spending five days in China trying to reach agreement with his colleagues here on joint efforts in the fight against organized crime and arms and drug smuggling. Particularly the smuggling of ephedrine, whose shipment in from the PRC, where it is cheap and easy to get, has become a highly profitable business for criminal elements on both sides of the border.

Minister Yerin praised Chinese detectives for their high rate rate of crime-solving, and said that he considered the rumors of an emerging Chinese mafia in our country and of an influx of illegal emigrants to be exaggerated.

Further on Yerin Visit to PRC

MM0106102495 Moscow IZVESTIYA in Russian 1 Jun 95 p 3

[Report by Vladimir Skosyrev: "Minister Yerin Envies Chinese Policemen"]

[FBIS Translated Text] Beijing — China has organized work with informants well, Internal Affairs Minister Viktor Yerin said with a sigh to representatives of the Russian community in Beijing. It was clear from what the minister, who is paying an official visit to the PRC, said that in this respect our militiamen have lagged behind their Chinese counterparts. On the other hand our special equipment — particularly bulletproof vests and helmets — is up to world standards. Russia is ready to supply them to China and also to provide assistance in training cadres able to catch and unmask criminals.

Although China has not yet consented to this assistance, Yerin assured those present that cooperation between the two friendly states' special services will grow and grow. He provided confirmation by reminding them that a couple of years ago Chinese gangs operating on Beijing-Moscow trains were neutralized by joint efforts. The minister kept quiet about other achievements.

However, criminals on both sides of the border are not sitting idle. They have organized drugs shipments from China across our Far East. In Amur Oblast alone last year the militia confiscated 154 kg of ephedrine. This substance is turned into a strong narcotic — ephedrol — by means of a very primitive process. The chief of the Amur Oblast Internal Affairs Directorate, who is a member of the delegation, also said that this year 109 Chinese citizens entering Russia through Blagoveshchensk on tourist visas did not return home. It is not known where they are.

Communist Leader Starts Week-Long China Tour

MM0106113395 Moscow PRAVDA in Russian 1 Jun 95 p 3

[Report by Andrey Krushinskiy: "Studying Neighbors' Experience"]

[FBIS Translated Text] Beijing, 31 May — A Communist Party of the Russian Federation [CPRF] delegation headed by Gennadiy Zyuganov, chairman of the CPRF

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Central Committee, arrived on an official visit yesterday at the invitation of the CPC Central Committee.

First and foremost, G. Zyuganov stressed during a press conference at Shoudu Airport, Russia's Communists are interested in the experience of the successful economic reforms carried out under the leading role of the Communist Party.

During its week-long stay in China the delegation will meet with leading CPC workers and rank-and-file Communists. In Beijing it will have meetings at the Higher Party School and the RENMIN RIBAO Editorial Office. The Russian Communists will also be familiarized with one of the most dynamic centers of the country's socialist modernization — Shanghai — and will visit Henan Province and its administrative center, Zhengzhou.

Soskovets, Japan's Foreign Minister Discuss Quake

LD0106130695 Moscow INTERFAX in English 1203 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — Russia's First Vice Premier Oleg Soskovets has proposed to the Japanese government to organize information exchange on the threat of earthquakes in the Far East. Oleg Soskovets declared about this in the course of a telephone talk with Japan's Vice Premier and Foreign Minister Yohei Kono.

According to Soskovets, an information exchange about future natural disasters can be established in line with the decision of the Russian government to create a research seismological center in Sakhalin. The issue on joint activity in the sphere of seismological research in the region will be discussed in July in the framework of a sitting of the intergovernmental Russian-Japanese commission on trade-economic and scientific-technical cooperation.

Yohei Kono has proposed to accept those suffering in the Sakhalin earthquake for treatment in Japanese hospitals. In a telephone talk with Soskovets, Kono reported that a third aircraft with humanitarian aid will fly to Sakhalin on Thursday. This aid comes absolutely without any strings attached from the Japanese people, Kono underlined.

Cooperation With Vietnam To Develop Oil Deposits

LD0106110395 Moscow ITAR-TASS in English 1034 GMT 1 Jun 95

[By Sergey Afonin]

[FBIS Transcribed Text] MOSCOW, June 1 (ITAR-TASS) — Russia and Vietnam have agreed in principle to expand cooperation in oil extradiction on the continental shelf of Vietnam with the participation of leading Russian petroleum companies. These are the Russian foreign trade association Zarubezhneft, LUKoil and other companies interested in joint comprehensive development of parts of shelf of Vietnam. Oleg Popov, director-general of Zarubezhneft, told this to ITAR-TASS on a basis of the results of the talks with the Vietnamese delegation at the negotiations that ended in Moscow on Thursday. The Vietnamese delegation was led by [Deputy] Prime Minister Tran Duc Luong.

Offshore deposits "White tiger" and "Dragon" are being developed, Yevgeniy Areshev, director-general of Zarubezhneft, said. The experience of the joint Russo-Vietnamese enterprise Vietsovpetro that was formed in 1981 with the fixed assest of 1.5 billion dollars is used as a basis. The enterprise has extracted over 30 million tonnes of oil since 1986.

Experts have agreed to step up the development of "White tiger" deposit with the use of the latest methods and technologies.

One thousand Russian specialists now work together with Japanese colleagues in the joint venture Vietsovpetro. The Russian side decided to grant credits and to participate in other forms of financing Vietsovpetro in the amount of 75 million dollars. Mutual interests in setting up new joint ventures in this important branch of the Vietnamese economy with the participation of leading Russian companies was expressed at the talks.

The Vietnamese delegation is pleased with the results of the negotiations in Moscow. This opinion was expressed to ITAR-TASS by Vietnamese Deputy Premier Tran Duc Luong and director-general of Vietnam's main board of oil and gas Ho Chi Thoang. In their opinion Vietnamese-Russian cooperation is bearing fruit and brings considerable economic advantage to both countries.

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Political Issues

Yeltsin Says Russia To Cut Food Imports

LD3105185295 Moscow ITAR-TASS in English 1413 GMT 31 May 95

[By Andrey Shtorkh]

[FBIS Transcribed Text] Dmitrov, Moscow region May 31 (ITAR-TASS)—Russia intends to take measures to cut imports of food. President Boris Yeltsin said this to ITAR-TASS during his visit to the college state farm Yakhromskiy in the Dmitrov district of the Moscow region.

"This just won't do. Eighty per cent of food products delivered to Moscow are imports, while the Moscow, Kalinin, Ryazan and Bryansk regions supplying food to Moscow cannot market their products," Yeltsin said. "The problem of marketing is acute in the Moscow region and neighbouring regions and it should be urgently solved", he said.

Yeltsin recalled that when the neighbouring regions could not supply enough food products for Moscow, the emphasis was made on imported goods to close the gap. An absolutely different situation exists at present. "By raising taxes on imported food products and by sharply limiting imports to Moscow, we shall enable neighbouring regions to sell their products in Moscow", Yeltsin said.

"The quality of domestic agricultural products is much higher than of imports", the Russian President said. "Domestic products do not contain various additives, nitrates and are much purer than imported products".

Yeltsin said that, moreover, Russian agricultural products are much tastier. The president said that agricultural lands near Moscow are unique and should be cherished as valuable state property.

Yeltsin spent about two hours in Yakhromskiy state farm. He inspected the complex for producing seedlings, asked questions about the technology of planting seedlings of vegetables in hothouses and visited an exhibition of farm machinery for the cultivation of vegetables and potatoes. He went to a field in which students of the college state farm planted seedlings of cabbages.

The Russian President showed interest in the life of workers of the state farm. On learning that the average wage is not over 150 thousand roubles, he said that this wage is inadequate and that it is necessary to look for resources to increase the pay of agricultural workers. At the same time students of the farm college told the head of state that their actual monthly wages surpass 300 thousand roubles, and the President said that this is excellent for young people.

Yeltsin turned over as a gift to Yakhromskiy farm a fodder harvesting combine made by the Rosselmash plant, as well as a complete computer class to be used by students of the college.

Yakhromskiy was founded in 1964. Now it has 3,284 hectares of farm lands and employs over eleven thousand people. Some 150 students work and study there. It is a versatile enterprise engaged in livestock breeding, field cropping and vegetable gardening, and having a mechanisation shop.

Yakhromskiy, just as a number of other enterprises in the Moscow region, increased the output of grain, vegetables, meat and is growing large yields of potatoes. It keeps quite a large herd of cattle, over 2,500 heads. The yield of milk per cow last year was 4,319 litres, which is an indicator of a stable, prosperous economy.

The President said that the 80 per cent profitableness of Yakhromskiy is a very good result in conditions when agriculture is decaying.

During conversations with workers and the state farm's director Aleksandr Sarbash, the President noted that the state must give every assistance to agriculture. He, specifically, called on Russian Deputy Premier Aleksandr Zaveryukha to ensure that funds from the state budget are supplied without delay to agricultural enterprises that are profitable.

Yeltsin Hopes Economy To Stabilize by Late 1995

LD3105135395 Moscow ITAR-TASS in English 1339 GMT 31 May 95

[FBIS Transcribed Text] Dmitrov, Moscow Region, May 31 (ITAR-TASS) — Russian President Boris Yeltsin on Wednesday visited the Yakhromskiy collective farm in the Dmitrov district near Moscow.

The President expressed the hope for financial and economic stabilisation in the country by the end of the year.

"Inflation is shrinking sharply, production volume is increasing. For the first time over the past three years, Russia witnessed a 4 per cent growth in the industrial production," Yeltsin said.

In the President's opinion, "this index will bring in a profit and help solve the problem of indebtedness."

Prices will stop going up, whereas people's income will increase, according to Yeltsin.

Speaking about the indebtedness problem, Yeltsin said that a special commission had been set up for the

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purpose which submits regular accounts to the Head of state.

"They have not made good progress so far, but the volume of indebtedness is already decreasing. We will clear the 1994 debts in the long run," he concluded.

Chernomyrdin Resumes Sochi Vacation

LD3105192795 Moscow ITAR-TASS in English 1855 GMT 31 May 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, May 31 (ITAR-TASS) - Russian Prime Minister Viktor Chernomyrdin, who interrupted his vacation in connection with the earthquake in Sakhalin, left for Sochi on Wednesday night.

He will resume his vacation, during which the Prime minister will hold several working meetings, including the preparation of the Russian-Ukrainian summit on the Black Sea fleet which is scheduled for June 9 in Sochi.

Earlier on Wednesday, Chernomyrdin held a session of the governmental commission on overcoming the consequences of the disastrous earthquake in Sakhalin.

Government Discusses Nuclear Charge Destruction, Economy

LD0106122495 Moscow Russian Television Network in Russian 1000 GMT 1 Jun 95

[From the "Vesti" newscast]

[FBIS Translated Text] Today, on 1 June, on International Childrens' Day, members of the Russian Government thought about Russian children and providing for their summer vacations.

Today's sitting began with a report by the Russian Atomic Energy Minister Viktor Mikhaylov on the fact that yesterday the last nuclear charge was destroyed at the Semipalatinsk test ground. After this report members of the government started to discuss the issue of organizing childrens' vacations.

According to Social Welfare Minister Lyudmila Bezlepkina, 40,000 camps are ready to receive over 4.5 million schoolchildren. They have all been prepared for the summer season as far as it was possible as, despite five government decisions, the Finance Ministry allocated a mere 10 billion rubles [R] out of R153 billion earmarked for these purposes.

Today's sitting also summed up the results of Russia's economic development in the first five months of the year. The economy is starting to compensate for the fall in production. According to the State Statistics Committee, the volume of industrial production has grown by two percent, compared to previous months, and by one percent compared to last May. Today another confirmation of what economists discussed over the past week was found.

Today's agenda also includes two legislative acts and a discussion on prospects for obligatory insurance.

Labor Minister Says Society on Verge of Upheaval

MK0106120095 Moscow OBSHCHAYA GAZETA in Russian No. 22/98, 1-7 Jun 95 (Signed to press 31 May) p 5

[Interview with Gennadiy Melikyan, Russian Federation labor minister, by unidentified correspondent: "Social Policy on the 'What Is Left Over' Principle" — place and date not given]

[FBIS Translated Excerpt] [OBSHCHAYA GAZETA] We are interested in your opinion of the problem of social upheaval. The question is, what is its measure, is there a limit beyond which a threat to social stability and democratic statehood arises? How much longer can society be tested before is explodes? Is there a coherent program of action in the social sphere? How is it formulated and in what documents is it presented?

[Melikyan] Yes, of course. We discussed and approved the Main Lines of Social Policy in Russia for 1994. We did not draw up a special program for 1995 but a corresponding section was included in the government's plan of action. But it is not "paper" that matters. The key question is resources. There have been constant debates about this in the government. In my opinion, we are making mistakes. For instance, there was a need in September to "compress" payments to the population. But things were brought to a point of absurdity: The compression was so severe that demand, and with it trade, began to fall. It cost me great efforts to convince Chubays that such a policy is dangerous for the economy and the country as a whole. [passage omitted]

[OBSHCHAYA GAZETA] The government's bitter opponents say that it professes social-Darwinism: Let the fittest survive.

[Melikyan] I shall not act against my conscience. This year the key task was to achieve financial stabilization. Apparently inflation must first be brought down and then everything will straighten itself out. I do not agree with this.

Here is an example. We restrained inflation artificially. Consumer prices indeed have grown only by 54 percent in the past four months. But wholesale prices for consumer goods (before reaching the market) have risen

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by 66 percent and prices for raw materials by 90 percent. A jump in consumer prices is inevitable. Again it will be suppressed by compressing the population's incomes, and again trade will shrink and the population's situation will worsen. [passage omitted]

[OBSHCHAYA GAZETA] Do you think that the government should regulate social processes? The president's message to the Federal Assembly did mention social normatives and standards....

[Melikyan] This was discussed at a government session last week. The state is obliged to guarantee a quality of human life. The differences are over which methods should be used. Of 148 million Russians approximately 45 million have incomes below subsistence level. Some propose to give everybody an allowance in order to bring incomes to the minimum level. But of the general number of low-income sections two-thirds are gainfully employed people, mostly doctors and teachers. So is it not better instead of poverty benefits to give budget employees normal wages? But no, they refuse to give. Apparently the egalitarian mentality is still at work.

There are no such super-liberals in the government who would propose to abandon regulation of social processes altogether. But there is no consensus either.

[OBSHCHAYA GAZETA] You are talking about dangers all the time. But where is the limit beyond which tragedy lies?

[Melikyan] Differentiation with high unemployment and terrifying poverty can lead to a social explosion. Two scenarios are possible. First: Tough strengthening of power and suppression of discontent by force of arms (as happened in its time in Indonesia and Chile). Second: The government takes measures to restrain differentiation for the sake of preserving the democratic state. There is no third option.

[OBSHCHAYA GAZETA] And still, Gennadiy Georgiyevich, is there a limit beyond which collapse is inevitable?

[Melikyan] It is probably impossible to define it in figures. But I think that Russia is on the verge of it.

Government Collaboration With Agrarian Union Formalized

MM3105123495 Moscow ROSSIYSKIYE VESTI in Russian 31 May 95 p 1

[Unattributed report under the "In the Corridors of Power" rubric: "Alliances. Government Proposes That Agrarian Union Join Forces With It"]

[FBIS Translated Text] A decree "On Collaboration Between the Russian Federation Government and the Agrarian Union of Russia" has recognized the necessity of concluding annual agreements between them. The authorities intend to involve the agrarians in drawing up programs and reforming the agro-industrial complex.

'Forward, Russia!' Movement Head Interviewed

954F2392A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 23 May 95 p 5

[Interview with Boris Fedorov, head of the "Forward, Russia!" movement, by Vladimir Kuzmenkin; place and date not given: "There Will Be Order. Absolutely!—Deep Inside, True Liberal Boris Fedorov Is a Conservative"]

[FBIS Translated Text] **PRESENTING:**

Fedorov, Boris Grigoryevich. Born in 1958 in Moscow in a blue-collar family. Graduated from the Moscow Institute of Finance. Doctor of Economic Science. Worked for seven years at the governors board of the USSR State Bank and the Institute of World Economy; in 1990—RSFSR minister of finance. In 1991-1992 worked in the European Bank for Reconstruction and Development and the World Bank. In 1993—deputy prime minister and minister of finance in the Government of Russia.

A State Duma deputy from District No. 205 (Moscow). Leader of the Forward, Russia! movement. Married, two children: son and daughter. Hobbies: work.

We like to "cut down" an interlocutor pontificating on some high-minded subject with the questionable line, "If you are so smart, how come you are not rich?!" Boris Fedorov traditionally has been regarded as very smart. He has a regular column in IZVESTIYA, explaining what and how and why. That is why I asked him this question right away, to which Fedorov replied without hesitation:

"I cannot say that I am the richest man. But neither can I say that I am the poorest."

[Kuzmenkin] In your opinion, is it possible at all in our country to have a government composed of smart people?

[Fedorov] Completely possible. When the electorate starts thinking.... The scheme whereby the authority hires people smarter than itself has operated at all times. If some people think that the Central Committee consisted of idiots, this is not at all so, and members of the USSR Government were not stupid either. But as long as a certain type of people held the leading positions, nothing came of it. Why are we involved in politics?! Because it does not make much sense

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once again in the future to take a job with yet another Politburo member....

[Kuzmenkin] What have you learned from your pilgrimage into the powers that be?

[Fedorov] A pilgrimage into the powers that be gives you experience, knowledge, strength, and confidence. I know how to do things.... When people tell me that the retinue will not let me— well, I do know how to do some bloodletting! I wrote a 100-page report on my work in the government. I have nothing to hide—I think it is very useful, but you have to know when to leave.

[Kuzmenkin] And come.

[Fedorov] And come at the right time.

[Kuzmenkin] For instance, the people who will vote in the next elections will be mostly pensioners. Are you ready for a situation where many potential supporters of democracy will not turn out to vote?

[Fedorov] And why do you think that pensioners are not potential supporters? Today's situation is one thing, and tomorrow it will be different. Because pensioners should want to live better, and they are much more motivated than young people.

[Kuzmenkin] But how will you convince people to turn out for the elections?

[Fedorov] With the help of your newspaper, for instance. Write down this forecast, and then we will look at the outcome: More people will turn out in the December 1995 elections than there were in 1993.

[Kuzmenkin] What are democrats these days?

[Fedorov] I do not know what democrats are in general. I know that I am a democrat. Democracy is people's power. A democrat is a person who believes that the authority should be changed through elections; that laws should work; that everybody is equal before the law; and the government exists for the people, not people for the government.

[Kuzmenkin] What is the difference between Fedorov, Yavlinskiy, and Gaydar?

[Fedorov] Weight, height, last names, the quantity of scalp hair and its quality, and many other factors. Is this not obvious? It is rather hard to get me mixed up with Gaydar!

[Kuzmenkin] What about the lines you represent?

[Fedorov] For instance, all of us are for a market economy. What is specifically meant by this? For instance, I am against experiments; strictly speaking, I am a conservative. When we begin living like Sweden, then we can start experimenting.... Let us get to their standard of living, or at least that of Iceland. There is nothing on this island, but for some reason they live better than we. This is the first point. And the second is being specific. Unfortunately, however, one cannot always get concrete answers from my democratic comrades-in-arms. Also, there is a difference in attitude toward the state. We are not ashamed of being supporters of a strong state.

[Kuzmenkin] Are they against it?

[Fedorov] Well, yes, of course! They say you cannot use force. If you call yourself a patriot, it means you are a fascist. If you say "Great Russia," it means you are an imperialist.... But I like the word "great power"!

[Kuzmenkin] Rutskoy already has claimed that one.

[Fedorov] No problem. Have you not noticed that he put it in quotes?!

[Kuzmenkin] Will you run in parliamentary elections separately from Gaydar and Yavlinskiy?

[Fedorov] Judging by all signs—yes.

[Kuzmenkin] Have you tried to reach an agreement?

[Fedorov] We have, many times. I put the odds of my teaming up with Gaydar at 1 to 100, and with Yavlinskiy—at 30 to 70.

[Kuzmenkin] Perhaps this does not make much sense anyway?

[Fedorov] More than 400 supporters of the Forward, Russia! movement gathered in Moscow a few days ago. I asked the audience who wanted a coalition. Any of the options rallied less than 10 votes.... Everybody is talking about a coalition—is it that for some reason they want Gaydar, Yavlinskiy, and Fedorov jump into the same bed and embrace, is that it?

[Kuzmenkin] Is the task to overcome the 5-percent barrier?

[Fedorov] That is self-evident. Do you doubt it? I do not. The more votes we gather, the better the chance that we will be able to influence the situation. I think if the Duma at least started with itself, much already could be done. Look at how the republicans in the U.S. Congress have now grabbed Clinton by a certain place and in a methodical but civil manner keep at it, without these monkey antics.

[Kuzmenkin] What is your forecast for the elections? Zyuganov, for instance, keeps predicting an upcoming victory for the "state-patriotic bloc."

[Fedorov] Well, we will still get to Zyuganov, will explain who he is in reality—a Judas....

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In my opinion, Zhirinovskiy will lose approximately one-third of his electorate; the communists may hold at the same level or may lose some; parties of Shakhray's and Travkin's type will disappear. I am far from certain that Yegor Gaydar will make it to the State Duma. The agrarians will stay. Women of Russia may flunk. But many new forces will come on the scene; naturally, some jingoists will rise (for instance, Rutskoy in combination with Baburin, etc.). Obviously, the party of power will gather its 7.362 percent. Naturally, there is also us. How much? With a turnout of 65 percent, make your own calculation.

[Kuzmenkin] Are you satisfied with the Constitution?

[Fedorov] Why? We will change it. A constitution is not a dogma—it is a guidance for action.

[Kuzmenkin] Regarding the president. Do you think Boris Nikolayevich Yeltsin will wrap up his historic mandate?

[Fedorov] I think he will attempt to renew it. In terms of real life he, of course, already has lived it out, but in our reality he may be able to hold onto it. He has ensured himself a place in history, no doubt about it: Not everyone can boast of disbanding two parliaments. Of losing a whole country, arranging for a slight massacre with serious domestic consequences, starting financial stabilization three times and not completing it successfully.... On the other hand, at a certain stage he played a positive role. In 1991 these so-called putchists could still perhaps have thrown us back for a long time. That the CPSU was indeed finished in that form—that is positive. He has pluses and minuses, like Gorbachev.

[Kuzmenkin] He visited us recently and said that he had not decided yet whether to run in presidential elections.

[Fedorov] We have a lot of strange people.

[Kuzmenkin] Is Zhirinovskiy's star declining irreversibly?

[Fedorov] I think he will always gather his 10 percent, at least for the next few years. If we win, of course, we will take everything from him—we will build a good propaganda.... But objectively there always are population strata who do not like Caucasians, Vietnamese, and so on. Zhirinovskiy has a very strange program, although actually he has not read it. There is a purely communist piece in it, but there also are very true parts. There are analysts behind him who obviously are not stupid, but he will not have this kind of success anymore.

[Kuzmenkin] What are the communists' prospects?

[Fedorov] The communists, if we manage to fend them off this time, are doomed—historically, demographically, psychologically, and in every other way. Zyuganov understands this very well. Western-style social democrats will form, and there will be groups of the Nina Andreyeva type.

[Kuzmenkin] Who will then be the main contenders for presidency?

[Fedorov] Right now it is almost impossible to predict, because the disposition of forces is unclear. Real ratings are not clear, and only parliamentary elections will put all the dots over "i's."

[Kuzmenkin] How do you feel about polls, ratings, and such?

[Fedorov] Unfortunately, we have too few analysts who understand everything, and too many geniuses in our country.

[Kuzmenkin] Is Boris Fedorov ready for the presidency?

[Fedorov] In keeping with the Constitution, any citizen of Russia who is over 35 years old has the right to be president. I do not consider myself worse than others. The question is the position of the Forward, Russia! movement—we will act in the way it decides. But I do not want to say: "I am Shakhray! I am the president!" It is obvious that he is never going to be president—he is not tall enough....

[Kuzmenkin] You are talking about the need to impose order. What do you mean by this?

[Fedorov] The same as Petr Arkadyevich Stolypin did. He had a position: reforms and order! Reforms and order! This means abiding the law by everyone. If someone violates the law—put this bastard on trial, be he the prime minister, a journalist, or anyone else. Nothing else is needed—let everyone simply fulfill his duties.

[Kuzmenkin] Your program also has a thesis regarding a unification—in a democratic way, of course—of Russia, Ukraine, and Belarus.... What will be the benefit of it from the economist's standpoint?

[Fedorov] A big market is always better than a small one. From a purely economic standpoint, keeping in mind both the high degree of integration and that all this population practically speaks the same language, it is absolutely stupid to waste the opportunity to have a market that is larger by 100 million persons! One cannot strike out a 1000-year history just like that, and economic integration may speed up the political. But enough of feeding everyone for free—we also have our Russian national interests!

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[Kuzmenkin] You are talking about national interests, but what we constantly hear is demands for a national idea!

[Fedorov] I think that the national idea cannot be written by one man or created in some institute—guys getting together, scratching their heads and deciding.... It looks rather funny when Shumeyko, Zyuganov, and Lapshin take turns talking about the national idea.... Tell me, what is the national idea in the States? In France? The idea develops by itself, and clearly it includes the notion of a strong, prosperous state, where people live decently.

[Kuzmenkin] So you are an optimist after all?

[Fedorov] Of course. Because everything will settle in our country. Our people are not fools—so many times somebody tries to turn them into fools, but they still begin to figure things out. The problems seem to become clear; there are resources, and substantial. The country is rich. Land, whatever—there is a heck of a lot of everything, and I do not know why we are still building chicken coops. Why not give people a hectare each, and let them build homes for themselves.

Unquestionably, I am firmly convinced that reforms and real democracy finally will materialize. And order will be imposed. Absolutely!

Landowners Union Not To Ally With Agrarian Party

LD3005202695 Moscow INTERFAX in English 1751 GMT 30 May 95

[FBIS Transcribed Text] MOSCOW, May 30 (INTERFAX) — The Landowners' Union of Russia, "representing the interests of all owners and users of land, from the farmer to the gardener or rancher," does not share the election platform of the election association Agrarian Party of Russia and "cannot join it" for the same reason.

This statement was made by the chairman of the union's coordinating council, Vladimir Bashmachnikov, at its meeting Monday. Bashmachnikov also heads the Farmers (Peasants) and Agricultural Cooperatives' Association, the main founder of the union.

Bashmachnikov explained his statement by saying that "presumably supporting major farmers, the leaders of the agrarian association, Mikhail Lapshin (chairman of the Agrarian Party of Russia) and Vasily Starodubtsev (chairman of the Agrarian Union of Russia) in practice do not share the idea of an extensive development of the small-sized business, the farmers being main representatives of this initiative in country areas." This is why the April 5 nationwide peasants' congress, initiated by agrarian deputies, harshly objected to private ownership of land.

Bashmachnikov also said the coordinating council's executive committee had received proposals "to form a bloc in the election campaign" with such parties and movements as Russia's Democratic Union (leader Yegor Gaidar), Party for Economic Liberty (leader Konstantin Borovoi), Democratic Russia (Lev Ponomaryov) and Our Home Is Russia (leader Viktor Chernomyrdin).

According to Bashmachnikov, he "had a conversation" with Deputy Prime Minister Aleksandr Zaveryukha, one of the agrarian leaders, but the Landowners' Union will "support those parties and movements at the parliamentary elections which support the normal private ownership of land, intense promotion of the private initiative and demonopolization."

Economic Freedom Party's Security Chief Killed

LD0106132295 Moscow INTERFAX in English 1102 GMT 1 Jun 95

[FBIS Transcribed Text] MOSCOW, June 1 (INTERFAX) — The head of security for the Party of Economic Freedom, Vladimir Gavrilin, 25, was killed in Moscow late on Wednesday. This statement was made for INTERFAX by a spokesman for the Moscow Crime Police department.

Gavrilin's Lincoln was fired at near his house (Musa Djalil St., Southern District). By preliminary estimates, he died on the spot at 0:12.

According to the preliminary version, he was murdered by three TT pistol and Kalashnikov shots. The gunmen, believed to be two, managed to escape.

The party's Secretary-General Leonid Spiegel told INTERFAX that Gavrilin often accompanied the party's Chairman Konstantin Borovoy on regional tours.

"I believe, this murder can be tied to our recent sharp statements against Zhirinovskiy and the Communists," said Spiegel.

Polevanov Sees Political Motive Behind Ouster

MM3105113495 Moscow PRAVDA in Russian 31 May 95 p 1

[Report by Aleksandr Golovenko featuring telephone interview with Vladimir Polevanov, former deputy head of Russian Presidential Control Administration: "Polevanov Finished Off in Presidential Apartments"]

[FBIS Translated Text] PRAVDA readers already know about the vicissitudes in the career of Vladimir Polevanov — former governor of Amur Oblast, then chairman of the Russian Federation Goskomimushchestvo

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[State Committee for the Management of State Property]. If only from the essay "Polevanov, Whom the West Ousted" of 27 April. A. Karaulov, presenter of the "Moment of Truth" program, drew attention to the article and invited the hero of the essay along for a 45-minute chat.

Russian Channel viewers saw this discussion at 2200 hours the day before yesterday. And the television news bulletin carried a report that Vladimir Polevanov had been dismissed from his post as deputy chief of the Russian president's Control Administration. A truly lightning response. Yesterday I spoke to him over the telephone. This is what he said:

[Polevanov] The conversation with A. Karaulov was recorded 6 May but certain forces did everything to keep it away from Russian citizens. Nonetheless it was aired 29 May. I spoke about the anti- Russian, antistate policy being pursued by Chernomyrdin's comprador-style government and cited specific facts, some of which are familiar to PRAVDA readers. I also spoke about the paralysis of power whereby the Russian president's directives are being sabotaged in every possible way. For instance, how do you like Chubays's reaction to one of the head of state's directives? Instead of coming to attention, so to speak, he shrouded it in red tape and then imposed a resolution: "Please prepare a draft response to the president." There was an order for a certain amount of money to be allocated to eliminate the aftermath of the radioactive contamination of lakes and soil that had occurred previously in the Chelyabinsk area. Well then? Just 19 percent of the requisite funds were "forked out."

Yeltsin gave direct instructions to the government to conclude a contract with Cuba regarding shipments of raw sugar. Incidentally, State Duma Deputies A. Kozyrev and O. Lobov asked for the same thing. This deal is very profitable for us. And once again Chubays opposed, lobbying the interests of a group of agents who intend to rip off $1 billion for shipments of refined sugar. Needless to say, the price will rise straightaway.

This morning I received Presidential Edict No. 540 and a letter from the cadre administration informing me that my post had been cut. I was finished off, so to speak, in the president's apartments.

Needless to say, I will not give up the fight. I have already registered the "New Russia" sociopolitical movement, which comprises the Association of Socialist Trade Unions, "Afghan veterans," the Association of Cultural Workers, etc. It has but a single goal, namely to win an election victory, secure a change of government, a change of economic course, and prevent the sale of Russian territory.

Media Issues

Ignatenko To Handle Media Affairs in Government

LD0106120795 Moscow ITAR-TASS in English 1133 GMT 1 Jun 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW, June 1 (ITAR-TASS) — ITAR-TASS Director-General Vitaliy Ignatenko, who was appointed Vice-Premier in the Russian Federation government on Wednesday by a Presidential Decree, will be in charge of media affairs, First Vice-Premier Anatoly Chubays told a press conference at the Government House here on Thursday.

In this connection there will be a redistribution of duties among Vice-Premiers inside the Cabinet. Until now, media affairs were supervised by Vice-Premier Sergey Shakhray, Chubays said.

"That Vitaliy Ignatenko is professionally competent is not questioned by anyone," Chubays emphasised. The ITAR-TASS chief is well-known as one of leading media experts and proved in practice that he knows the job well, Chubays pointed out.

The First Vice-Premier said he had known in advance about a Presidential Decree to this effect and believes that Ignatenko is adequate for the position of Vice-Premier in charge with media- related matters.

As far as the transfer of the media supervision duties from Shakhrai to the newly-appointed Vice-Premier is concerned, Chubays stressed, the distribution of duties among Vice-premiers is a flexible instrument. In this case this may be done simply in the course of the work, not even by a Government instruction or resolution.

Channel 31 To Focus on Regional Developments

MK0106070695 Moscow THE MOSCOW TRIBUNE in English 1 Jun 95 p 6

[Report by Andrea Smith: "Independent Channel Reaches Out to Unknown Russia"]

[FBIS Transcribed Text] Had Aleksandr Solzhenitsyn waited a few years before returning to Russia he might have been spared the cross-country train trip through the country's provinces to find the true Russia and watched the new "zemskiy" channel instead.

Founders of "Telexpress Channel 31" — which is already being broadcast several hours a day in 52 regions of Russia, several CIS countries and Lithuania and Estonia — told reporters at the Kremlin Palace on Wednesday [31 May] they aim to tell Russia about

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Russia. Their slogan: "Russia is not only Moscow and St. Petersburg."

Portraying the provinces as a sort of blank spot on the map of Muscovite minds and worlds apart from the capital cities of Russia, film director Yelem Klimov, who is a member of the channel's creative talent pool, Studio 123, emphasised that Russians living in the country's premiere cities are unaware of how people live east of the Urals, or for that matter, in any of the smaller cities of European Russia.

"No one has any idea what is happening in the (provinces). We think what is most important is happening there and the fate of the country will be determined there," said Klimov.

"Many of us have not been in Russia, and know nothing about it....Few know the Russian countryside, villages, small cities, Siberia," he said.

Founders of TV31, which is funded by the company Evrosib, envision a sort of "Russian provincial CNN" and hope to broadcast regional news and the best of regional programming throughout Russia. They say they want to unite Russia on the television screen so that east to west and north to south, cities such as Irkutsk, Yaroslavl, Arkhangelsk and Vladivostok will know how the others live.

Both Klimov and another member of TV31's creative team, playwright Aleksandr Gelman, painted a picture of an almost alien world beyond the peripheries of Moscow and St. Petersburg.

"I have been to these places and I know that entirely different people live there who bear little resemblance to us," said Klimov.

Gelman told reporters, "I have an idea for a show about people I don't understand. There are a lot of them in our country today."

While such a programme would aim to showcase leaders and creative personalities from the provinces, Gelman did not refrain from citing President Boris Yeltsin's refusal to meet with Chechen rebel commander Dzhokhar Dudayev before the situation in the breakaway republic turned tragic, as among things he does not understand. Nor did he refrain from criticising government policy on Sakhalin, which he said, had contributed to the tragedy there.

His message was loud and clear: TV31 is an independent, private channel and will make few concessions to the federal government's agenda.

The daily IZVESTIYA reported that the restrictions of state television would work in favour of the new channel. "If the president of Tatarstan wished to say something to the entire country which was not flattering to Moscow, he would hardly approach the first channel (state-run ORT)," the paper reported.

General director of TV31 Vladimir Sinelnikov said he admired Moscow's NTV but wanted to create a channel with broader coverage. He characterised the programme's conception of Russia as "Eurasian" and said the channel would look to the east for interesting programming.

TV31 broadcasts in Moscow from Ostankino tower 6 p.m. to midnight, but is as yet difficult to pick up without a Western television or special antenna. It is broadcast elsewhere in Russia through a network of local channels and cable.

By 1996 the channel hopes to be on the air 24 hours a day, said Sinelnikov.

[Moscow THE MOSCOW TIMES in English on 1 June in a related, page-3 report by Jean MacKenzie adds: "Channel 31 will eventually reach most of Russia and several countries in the near abroad, including Kazakhstan and the Baltics. It is now working through local stations, but will move to satellite transmission in the near future."]

Military & Nuclear Issues

'Serious Protest' Likely at Lebed Ouster

MM3105190295 Moscow IZVESTIYA in Russian 1 Jun 95 p 2

[Article by Viktor Litovkin: "General Lebed's Fate in President's Hands"]

[FBIS Translated Text] Something that had long been brewing finally happened 30 May. Lieutenant General Aleksandr Lebed, the 14th Army commander, was summoned to Moscow, where he was given an ultimatum to carry out the defense minister's directive on reforming or, rather, sharply cutting the administrative structures of the large strategic formation he heads. Lebed, as expected, resolutely refused and tendered his resignation.

The IZVESTIYA Editorial Office has learned that Army General Pavel Grachev did not receive the army commander. He ordered Army General Mikhail Kolesnikov, chief of the Russian Armed Forces General Staff, to talk to the inflexible general. According to information at our disposal, the dialogue between the two generals was calm in terms of form but very tough in terms of content. Kolesnikov offered Lebed the leadership of an operations group which would remain in Tiraspol in place of the 14th Army Directorate — the rank would be the same as the commander's

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current rank of lieutenant general — or he could lead Russia's peacekeeping forces in Tajikistan. Lebed turned down both jobs. Kolesnikov then advised the army commander to resolve the problem by resigning his commission. Which he did.

The lieutenant general's application was submitted to Russian President Boris Yeltsin, the supreme commander in chief of the Armed Forces, but was handed, as laid down by regulations, to Lebed's immediate superior — Colonel General Vladimir Semenov, commander in chief of the Ground Forces. The army commander's resignation, supported by General Semenov, reached the defense minister's secretariat the same day. From there it will go to the Russian Presidential Staff. A Defense Ministry leader told me that the military department will undoubtedly support Gen. Lebed's desire to resign, since they have long been very surprised by the intolerable position whereby one army commander constantly criticizes his boss the defense minister and refuses to carry out his orders.

Meanwhile, Lt. Gen. Lebed's resignation sets out his position, which is quite well known to society. He announced that he had been forced to take this step since he considers the disbanding of the army directorate a crime which could lead to the plundering of the army's weapons, tragic fires at its artillery dumps, and an outbreak of another war in the Dniester region, where the political interests of not only Russia, Moldova, Ukraine, and the leadership of the self-proclaimed republic, but the selfish appetites of many criminal structures — both locally and in the near abroad — meet.

In particular, the former strategic dumps of the Odessa Military District, which used to be part of the Union's Southern Military Theater, still contain 2,600 truckloads of munitions in Kolbasna, where 1,200 truckloads of shells are lying around on the ground, since the storage facility is full to more than two and a half times its capacity. Even if some of them are used for metal and wooden crates, there are still around 500 truckloads of explosives alone. This is three times more than was held at the Pacific Fleet dump that blew up last year.

On Dniester region territory there are another 657 tonnes of rusting mines that were produced back in 1938. Nobody will move them owing to the huge risk of explosion. Moreover, storage bases currently guarded by the 14th Army hold around 50,000 automatic weapons and mortars, including several dozen complete sets of ammunition. Whose hands these weapons will end up in once the army directorate is disbanded is also an open question. We also needed to recall the 41,000 tonnes of engineering equipment and engineer munitions stored at dumps in Tiraspol, and the hundreds of units of armored equipment which the army is stuffed with over and above any quotas. Who will take responsibility for their safekeeping or for the fate of the operations group of officers being cut back?

It is well known that it was only through the titanic efforts of the 14th Army leadership that 252 apartments have been built for those officers in Russia — it had been planned to commission another 370 apartments by the end of this year. The army officers are convinced that as soon as Gen. Lebed is removed, they can forget about this housing.

Consequently, the army headquarters took the news of Gen. Lebed's resignation being submitted to the Russian president very seriously. In a telephone conversation with me a high-ranking staff officer said that officers were very negative about the strong pressure brought to bear on their commander by the Defense Ministry and that people were liable to stage a serious protest against the removal of Gen. Lebed. My informant did not say what form such a protest might take. But he stressed that it would depend on the further development of events.

The 14th Army leadership believes that nothing is lost yet. There is a chance that the supreme commander in chief — the Russian president — will nonetheless, as he did last year, suspend his defense minister's directive and refuse to accept the 14th Army commander's resignation. All the more so as this is the solution favored by State Duma deputies and even by many people in the Moldovan leadership — including President Mircea Snegur, who, I was told in Tiraspol, has asked Boris Yeltsin not to remove Gen. Lebed from his current position.

But the next few days will show how events develop. When this edition was being put to bed, it was known that Lt. Gen. Aleksandr Lebed was still in Moscow and hoping to meet with his supreme commander in chief.

Lebed Retains Command 'For Time Being'

LD0106112395 Moscow ITAR-TASS World Service in Russian 1045 GMT 1 Jun 95

[By ITAR-TASS correspondent Valeriy Demidetskiy]

[FBIS Translated Text] Chisinau, 1 Jun — The aim of my resignation was to draw attention not to me personally but to the danger of misappropriation of the armaments of the 14th Army and of resumption of a war in the Dniester region, said General Aleksandr Lebed who arrived in Tiraspol from Moscow today. He said that for the time being he was still the commander of the army.

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He said that during his stay in Moscow he had visited many offices to explain the danger of the situation that has come about in the Dniester region. My stance was supported by Russia's State Duma, which passed a federal law on protection of armaments of the 14th Army. Unfortunately, it was not possible to explain things to the Defense Ministry.

Grachev Signs Lebed's Resignation

LD0106115995 Moscow ITAR-TASS in English 1116 GMT 1 Jun 95

[By Gennadiy Kipkeyev]

[FBIS Transcribed Text] NALCHIK June 1 (ITAR-TASS) — Russian Defence Minister Pavel Grachev signed the resignation report submitted by Russian maverick General Aleksandr Lebed, the commander of the 14th Russian Army in the breakaway Dniester region of Moldova.

"General Lebed is an ordinary General. He has served for 23 years and now decided to become a political figure", Grachev told reporters upon arrival in the Caucasian republic of Kabardino-Balkaria Thursday.

Grachev and Lebed have been at odds for a long time since Lebed is considered to be much [more] popular than the Defence minister among army officers.

"Lebed is not the most outstanding General in the armed forces", Grachev said adding that he does not "make a tragedy out of the resignation".

"He wrote the report, I signed it yesterday", he said.

The final decision on Lebed's resignation is to be adopted by President Boris Yeltsin who is also the Supreme Commander-in-Chief.

Lebed offered to resign after the Defence ministry decided to decrease his army to a division. He was ordered either to obey or step down.

Lebed warns that the withdrawal or reorganisation of the 14th Army may help extremists get hold of its numerous weapons and thus the war between Chisinau and Tiraspol which Lebed stopped might resume.

Lebed Said To Have 'Tremendous' Potential

MK0106104095 Moscow SEGODNYA in Russian 1 Jun 95 p 1

[Report by Mikhail Leontyev: "Who Will Have a Swan [pun on name of General Lebed, which means swan] Song Sung for Him?"]

[FBIS Translated Excerpt] It seems that now our leaders have done it. They have pushed General Lebed into big-time politics after all. On 30 May Aleksandr Lebed submitted a resignation request to Gen. Semenov, commander in chief of the Ground Forces. [passage omitted]

Gen. Lebed offered his resignation as promised. He sent his last report to the president who may either accept or reject his resignation. If he accepts, he will join Grachev in organizing his political suicide. If he does not accept, he will jeopardize the entire team of his very best minister. Lebed is a shining example for others to learn from....

Presumably Gen. Lebed will not have "to twist off with his own hands the head of anybody" who makes a grab for tens of thousands of Russian weapons dumped in the Dniester Region. But then, according to the General Prosecutor's Office alone, "70,000 participants in criminal communities have been exposed" in Russia. And there are only 4,000 cases pending in courts. How many of these will be dropped? And how many have not been exposed? These guys are anxiously waiting for those 50,000 weapons which were left for them in the Dniester Region. Gen. Lebed's resignation is good news for them.

In principle this whole company should be worried by something else: Aleksandr Lebed is a politician with tremendous potential. He has a quality which nobody else from the top Russian "pack" can boast: He is trusted. It is useless to compete with him openly. Specially trained counter-propaganda specialists will now start working on him professionally and systematically. In fact they have already started.

Yet the main thing has been done and it is now impossible to yank Gen. Lebed from politics. And Lebed is not Zhirinovskiy. He is now a "populist." And a capricious one: He does not fold a hand. He can also win.

MiG-31 Crashes During Training Flight

LD0106083495 Moscow ITAR-TASS in English 0428 GMT 1 Jun 95

[FBIS Transcribed Text] KOMSOMOLSK-ON-AMUR June 1 (ITAR-TASS) — A Mig-31 jetfighter from an air defence unit crashed on Wednesday night during a training flight.

Engines caught fire immediately after the plane took off from an airfield in Komsomolsk-on-Amur. The pilots managed to steer the plane away from the city.

The plane plunged into a hill on the right bank of the Amur. Both pilots bailed out and are alive. Half an hour later they were spoted by rescue helicopters. An inquiry into the causes of the crash has been launched.

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Moscow MD Hosts Artillery, Missile Forces Exercise

MM3105124795 Moscow KRASNAYA ZVEZDA in Russian 31 May 95 p 1

[Report by Feliks Semyanovskiy: "Missilemen and Gunners Please Future Troop Leaders"]

[FBIS Translated Text] An exercise involving Missile Forces and artillery units was held at the Moscow Military District test site. Special attention was given to the methodology of guiding artillery fire and delivering missile strikes.

High command skills were displayed by Colonel Konstantin Deryavkin, Lieutenant Colonel Sergey Petrov, and other officers. The exercise was attended by lecturers and students of the Russian Federation Armed Forces General Staff Academy, who highly appraised the actions of missilemen and gunners.

Eight-Axle Missile Transporter To Be Delivered Soon

MM3105113695 Moscow Russian Public Television First Channel Network in Russian 0730 GMT 28 May 95

[From the "Army Magazine" program broadcast in the "I Serve Russia" slot: Video report by Aleksandr Ilin, identified by caption]

[FBIS Translated Text] [Ilin over closeups of missile transporter] In the very near future the Army will receive its longest, eight-axle, motor vehicle designed for transporting and launching strategic missiles.

It is interesting to note that the MAZ-79-221 has independent steering for each pair of its wheels. Thanks to this, despite its huge dimensions, it has the same turning circle as an ordinary truck. [video shows closeup of transporter]

Leningrad Nuclear Power Plant Shuts Down No. 2 Reactor

LD3105135995 Moscow ITAR-TASS in English 1318 GMT 31 May 95

[By Lev Rumyantsev]

[FBIS Transcribed Text] SOSNOVY BOR, LENINGRAD REGION, May 31 (ITAR-TASS) — The Leningrad nuclear power plant situated on the Gulf of Finland, not far from the Finnish border, shut down one of its four power units (reactor No. 2) on Tuesday at 16:37. The radiation situation at the plant is without deviations from the natural background.

A report about the incident was transmitted by the plant's information centre only on Wednesday. The delay is explained by "a desire of specialists to find out reasons for the reactor's stoppage and to estimate the situation fully".

Incidentally, the plant's No. 1 reactor was shut down last month after the personnel noticed cracks in the cooling system and an increase in radioactivity level.

Security Aide Refutes Nuclear Theft 'Myths'

MM3105113195 Moscow ROSSIYSKAYA GAZETA in Russian 31 May 95 First Edition p 3

[Interview with Aleksey Pushkarenko, deputy chief of a Federal Security Service (FSB) directorate, by Boris Yamshanov; place and date not given: "Nuclear-Charged Myths. Aleksey Pushkarenko, Deputy Chief of an FSB Directorate, Tells Us About the Problems of Theft and Smuggling of Nuclear Materials"]

[FBIS Translated Text] [Yamshanov] Aleksey Larionovich, in the context of increasingly frequent accidents and disasters with grave consequences, residents' concern about the future of highly dangerous nuclear facilities is understandable. Is their invulnerability certain, or are they accessible, say, to terrorists?

[Pushkarenko] There is complete certainty about the absolutely safe protection of such facilities, they are under the multi-tiered control of a large number of ministries and departments, including the Federal Security Service, where a special subunit has been set up for this purpose. We conduct systematic exercises to rehearse all components of the defense against any penetration by terrorist forces.

[Yamshanov] But the press is full of reports of the theft and smuggling of nuclear materials. The impression is created that in Russia practically any passer-by can fill a suitcase with uranium and go abroad.

[Pushkarenko] That is a different problem which has no direct connection with the security of nuclear facilities. It should be discussed separately.

It is true that there are instances of the theft of radioactive materials; as of today a total of 24 such cases have been discovered, 19 people have been convicted, and investigations are in progress on 16 more. An analysis of the crimes shows convincingly that there are no regular groups in Russia engaged in this specific form of criminal business on a relatively professional basis.

As a rule it is young people aged 20-25, without specialized education, sometimes without even secondary

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education, and with no access to the sphere of production of nuclear materials. They play the part of intermediaries trying to sell goods offered by others. For this reason we are unable even to reach the final destination, so to speak, the client for the goods. All the indications are that no such client exists, judging from the nature of the stolen materials.

It is mainly uranium-238, which is no use for anything and is on the production waste dumps. Our Atomic Energy Ministry offers openly: If anyone wants it, we are prepared to sell them a freightcar load immediately, and we'll give them another load for free, if they will just take it away.

Another product, uranium-238 enriched up to 4 percent with uranium-235, is used in the production of power transport materials [energeticheskikh transportnykh materialov], but not for military purposes. It is a commercial material and Russia sells it, at prices, incidentally, that are considerably lower than those quoted on the black market for nuclear materials, so that it is simply meaningless to speak of the existence of any such market.

[Yamshanov] So how do you explain the numerous cases of theft?

[Pushkarenko] Strange as it may seem, the mass media played the main role here, or rather, the sensationalism with which each such case is presented. As a result ignorant people have formed the impression that a very profitable black market in nuclear materials exists. And since there is now no shortage of young idiots who dream of getting rich quick and on a large scale, when they read the newspaper articles they will steal whatever they can get their hands on.

[Yamshanov] So it is possible to steal it? And if a finished product was stolen, from, say, a military facility....

[Pushkarenko] That is absolutely ruled out. All military facilities are so securely sealed that I can guarantee you that there will not be any problem here in future, either.

There are problems in the institutes — it is more difficult to ensure the safekeeping of materials in the course of experimental work, and also in production. Here more significant thefts occur, such as, for instance, the theft of 10 kg of fuel pellets for a nuclear power station, committed in Elektrostal in Moscow Oblast. The thieves tried to export them via Romania to the FRG. The crime was detected in close contact with the German intelligence service, the BND.

[Yamshanov] The same that is accused of setting up the provocation over the "nuclear suitcase from Russia"? What is your attitude to that much-publicized event, who is behind it, the BND or, as has been suggested, the CIA?

[Pushkarenko] We have officially set up business links with the German intelligence service, we have signed a memorandum on cooperation, and close working contacts are being set up to which we attach a proper value.

As for the case you mentioned, as you know, the case is being examined in the courts in the FRG, and there are also Bundestag hearings. Until the German side gives its verdict I would not wish to express any opinion — that would not be correct behavior toward the BND as a business partner.

[Yamshanov] Fine, let's not touch on the delicate sphere of mutual relations. But in general, leaving the BND aside, aren't you aware of the interest of certain forces in the West in creating a myth of Russia as a source of uncontrolled nuclear danger, or conversely, of a heightened interest among, say, the Near East countries in our nuclear materials?

[Pushkarenko] As I said, Russia openly sells commercial materials and no criminal interest can be detected here. There is interest in our nuclear technologies, but not in raw materials.

Myths about the nuclear danger form Russia are indeed being created and inflated. There are various reasons for this. There are purely economic reasons — to force us out of the markets and take our place. For instance, if representatives of companies from America, France, and Britain go to Ukraine and offer their services in the nuclear power industry, is that not clear evidence of a desire to squeeze Russia out and establish themselves there for 40- 50 years?

There are other motives too. Many people would like to find an excuse to talk about problems at our defense-sector nuclear facilities. Because then there would be an opportunity to raise the question of supranational control of the Russian nuclear industry. That is why almost every mention of the subject in our newspapers is eagerly seized on and blown up into a sensation, and we sometimes receive these unconfirmed reports from abroad as if they were established facts.

Personal motives are also present — in a period of elections or other wide-ranging campaigns in the country some people wish to draw attention to themselves and show how well the service they head is working. In human terms, all that is understandable. It is no use thinking that, on entering the world community, we will encounter nothing but goodwill every day.

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Life is tough. Everyone has their own interests. And we must know how to safeguard and uphold the interests of Russia.

Federal Assembly

Deputy Premier Shakhray Cited on Chechnya Draft

MM3105153895 Moscow ROSSIYSKIYE VESTI in Russian 31 May 95 p 1

[Unattributed report on statement by Council of Ministers Deputy Chairman Sergey Shakhray under the "In the Corridors of Power" rubric: "Quotations"; date not given]

[FBIS Translated Text] Sergey Shakhray: "The Chechnya crisis is at present deepening all the time, and the main reason for this is a lack of coordination in actions between the various federal organs of power." Speaking at a session of the Russian Federation State Duma Commission To Investigate the Causes and Circumstances of the Crisis in Chechnya, Shakhray noted that a number of State Duma committees have already prepared an appropriate draft law on beating the crisis that has been agreed with the Russian Federation Presidential Staff. He also called for the proclamation of a general amnesty in Chechnya, first and foremost for the members of Dudayev's combat units, which, according to him, number 8,000 men.

Deputy Seeks Law on 'Vybory' Vote Counting System

MK3105123095 Moscow KOMMERSANT-DAILY in Russian 31 May 95 p 3

[Unattributed report under the "Journal" rubric: "Machines May Be the Only Friend of Man Under the Law"]

[FBIS Translated Text] Yuliy Nisnevich, State Duma communications and computer technology subcommittee chairman, thinks that a legal regime and rules of employment of the "Vybory" [Elections] state automated system (SAS) should be set by a federal law. He stated this during yesterday's parliamentary hearings entitled "The 1995 and 1996 Electoral Campaign and the Role of 'Vybory' SAS." He underlined that analysis of the documents defining the process of the creation, introduction, and employment of the SAS reveals that the public still has serious reasons for anxiety.

Duma Explores Privatization in Aluminum Industry

MK3105130095 Moscow KOMMERSANT-DAILY in Russian 31 May 95 p 3

[Unattributed report: "Deputies Do Not Want To Stand Aloof From Aluminum Business"]

[FBIS Translated Text] Hearings "On the State of Privatization in the Aluminum Industry" were held under the auspices of the Duma committees on privatization and industry. They were attended by Serafim Afonin, chairman of the Russian Federation Committee on Metallurgy; and Aleksandr Andreyev, chief of staff of the State Committee on the Administration of State Property. The smooth course of discussion was at times broken by calls for "looking into crude violations of the legislation" during privatization and into the management of enterprises by their new owners. This, however, did not produce any effect. It is not ruled out that it will be recommended that the Duma set up a commission to study the situation in the aluminum industry in greater depth.

Regional Affairs

Further on Aftermath of Sakhalin Earthquake

Yeltsin: Russia Can Cope on Its Own

LD3105140695 Moscow Radio Rossii Network in Russian 1300 GMT 31 May 95

[FBIS Translated Text] During his visit to the ceramic tile works in Dedovsk in the Moscow Region today, Russia's President Boris Yeltsin gave his opinion on how the aftermath of the earthquake in Neftegorsk is being eliminated:

[Begin Yeltsin recording] We have supplied everything that is needed. In addition, I signed an edict on material assistance to each family. Now telegrams are arriving from Japan, from Korea, and so on: allow us to help in some way, to help in some way. Our CIS countries are doing the same — they are offering their assistance.

But over there things are very difficult now as regards transport. Nevertheless, we shall fully provide people and equipment. But time flies and, of course, how long can a person hold out under the ruins there?

For the time being we have not accepted foreign aid, because, on the whole, we are capable of coping ourselves. [end recording]

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Most Quake Survivors Maimed, Invalided

LD3105121195 Moscow ITAR-TASS in English 1143 GMT 31 May 95

[By Gennadiy Yezhov]

[FBIS Transcribed Text] MOSCOW May 31 (ITAR-TASS) — Many Sakhalin quake survivors will demand a long-term medical treatment and quite a few of them would remain invalids, according to Russian Health Minister Eduard Nechayev.

He told a government meeting Wednesday that most survivors got limbs maimed by the rubble and need artificial kidney devices to survive. The hospital in Khabarovsk has 89 such devices, according to him.

The Health Ministry has everything necessary for rendering first medical help, but needs medicines for long-term treatment and Prime Minister Viktor Chernomyrdin said it was necessary to analyse foreign aid proposals and formulate concrete requests. In particular, there is a need for medicinal preparations, he said.

Chernomyrdin summed up the results of the rescue operations by saying that "practically everything possible had been done to save the people".

First deputy Defence Minister Andrey Kokoshin said that relief is being flown to the regional centre of Okha and from there to the quake-flattened town of Neftegorsk.

The railway from Okha to Neftegorsk is being reconstructed to deliver heavy cargoes to the disaster area.

Social Security Minister Lyudmila Bezlepkina said two billion roubles (400,000 USD) had been appropriated for initial compensation to quake victims.

But Chernomyrdin also called to begin restoring the economy of the disaster area without waiting for the shock to pass. "The shock will not pass quickly, but everything should be aimed at eliminating the consequences of the quake", he said and urged to begin restarting oil wells on Sakhalin which stay idle since the earthquake.

Minister: Neftegorsk Will Not Be Rebuilt

LD3105142795 Moscow ITAR-TASS in English 1317 GMT 31 May 95

[By Oleg Velichko]

[FBIS Transcribed Text] MOSCOW, May 31 (ITAR-TASS) — It will be impossible to rebuild Neftegorsk and the residents of the town will move to the towns of Okha, Nogliki and the city of Yuzhno-Sakhalinsk in accordance with their wish, Yefim Basin, Russian minister of construction, told ITAR-TASS on Wednesday.

It will take from 250 to 300 billion roubles to repair damage in the area. The money will be taken from the emergency fund. The first 30 billion roubles have been already allocated.

"The state commission headed by vice-premier Oleg Soskovets inspected the site of the disaster and took decisions on cleanup financing and compensation to the victims", the minister said.

It was decided that 120 specialists, by turns, will operate the destroyed oil equipment, Basin said.

Relief Aid Airlifted to Sakhalin

LD3105203695 Moscow INTERFAX in English 1940 GMT 31 May 95

[FBIS Transcribed Text] MOSCOW, May 31 (INTERFAX) - Forty planes and 20 helicopters of Russia's Defense Ministry are airlifting food and medicine to the quake zone and evacuating victims from the area, First Deputy Defense Minister Andrey Kokoshin told INTERFAX on Wednesday.

He said that rescue efforts involved servicemen of the Far Eastern Military District and of the Pacific Fleet, among them engineers, sappers, radar operators and chemists.

The Defense Ministry has already built an evacuation center for 2,100 people and put up a field bakery producing 6 tonnes of bread, daily. It has also sent tents, field kitchens, food and bed clothes to the quake victims.

Kokoshin said that the Defense Ministry's group for aiding the victims is headed by Chief of the Russian armed forces' General Staff, General of the Army Mikhail Kolesnikov.

Ministry Assesses Damage to Oil Equipment

LD3105203295 Moscow INTERFAX in English 1944 GMT 31 May 95

[FBIS Transcribed Text] MOSCOW, May 31 (PIA-INTERFAX) - The quake in the north of the Sakhalin Island damaged 45 kilometers of the Okha-Komsomolskiy oil refinery's oil pipeline, 1 kilometer of a gas pipeline, 11 oil pumping stations, three centers for oil and gas collection and refining and 230 functioning oil wells, the Russian Fuel and Energy Ministry said in a press release transferred to INTERFAX's Petroleum Information Agency today.

According to the same source, the damage by May 31 totalled at least 326 billion rubles (over $65 million).

The Sakhalinmorneftegaz joint-stock company developing oil and gas fields in north Sakhalin is now carrying out operations to repair pipelines and oil wells.

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Fuel and Energy Minister Yuriy Shafranik visited the oil and gas complex's facilities today. Shafranik, Fuel Ministry representatives and the Sakhalinmorneftegaz company's directors discussed ways to localize the effects of the natural disaster and assistance to quake victims.

Update on Search for Survivors

LD0106091095 Moscow ITAR-TASS in English 0806 GMT 1 Jun 95

[By Yevgeniy Belovitskiy]

[FBIS Transcribed Text] YUZHNO-SAKHALINSK June 1 (ITAR-TASS) — Another 36 bodies, including five of children, were pulled from debris last night and on Thursday morning. Sakhalin radio announced this on Thursday. Only three adults and three children showed signs of being alive.

Altogether 960 people, including 99 children, were pulled from debris in the four days of rescue effort in Neftegorsk. The number of deaths by 13 hours local time was 559 (including 62 children). As many as 237 bodies were identified. Mass burials of victims of the quake began on Wednesday in three places in the Okha district.

In accordance with a decision of the regional commission for emergencies, there will be no graduation exams in schools of the Okha region. Graduation certificates will be issued on a basis of pupils' marks earned throughout the academic year.

Before the earthquake Neftegorsk had a population of 2,977. As many as 875 residents of Neftegorsk have been registered by now, ITAR-TASS learned from the Emergencies Ministry. 541 million roubles were paid out in compensation to 461 residents of Neftegorsk.

Government Directive on Aid for Victims

MM0106090495 Moscow ROSSIYSKAYA GAZETA in Russian 1 Jun 95 First Edition p 1

[Untitled Russian Federation Government directive No. 734-r, signed by O. Soskovets, first deputy chairman of the Russian Federation Government, and dated Moscow, 28 May 1995]

[FBIS Translated Text] With a view to organizing immediate emergency rescue and restoration work and rendering urgent assistance to the population of Sakhalin Oblast's Okhinskiy Rayon and its neighboring rayons which has suffered as a result of the disastrous earthquake:

1. The Interdepartmental Commission for the Prevention and Elimination of Emergency Situations, which was created by decree No. 164 of the Russian Federation Government dated 20 February 1995, is assigned the task of organizing immediate work in the emergency zone and coordinating the activity of federal organs of executive power, the Sakhalin Oblast Administration, and the organs of executive power of Russian Federation components, and the overall leadership of the conduct of work is assigned to Commission Chairman S.K. Shoygu, Russian Federation minister for civil defense, emergencies, and natural disasters.

2. Russia's Ministry of Finance must put at the disposal of Russia's Ministry for Emergencies an additional sum of 30 billion rubles for the implementation of current tasks associated with the conduct of emergency rescue work and the provision of support services for the victims.

3. The Russian Federation Committee for State Reserves, Russia's Ministry of Transport, and Russia's Ministry of Railways must ensure deliveries of material and technical resources to the emergency zone as requested by the Ministry for Emergencies according to established procedure.

4. The Interdepartmental Commission for the Prevention and Elimination of Emergency Situations must estimate the volume of required assistance and submit, according to established procedure, a draft decree of the Russian Federation Government on measures to eliminate the consequences of the earthquake in Sakhalin Oblast's Okhinskiy Rayon.

[signed] O. Soskovets, first deputy chairman of the Russian Federation Government

Yeltsin Aide Backs OSCE Idea of Talks With Chechen Military

LD3105143795 Moscow INTERFAX in English 1201 GMT 31 May 95

[FBIS Transcribed Text] MOSCOW, May 31 (INTERFAX) — A member of the Russian presidential council Emil Pain has spoken for implementing the OSCE [Organization for Security and Cooperation in Europe] idea of direct peace talks between Russian and Chechen military delegations in Groznyy.

In a Wednesday interview with INTERFAX he regretted the timing of implementing the OSCE idea and the absence of a preliminary agreement with the military.

The leading analyst of conflicts in ex-USSR accounts the vitality of the OSCE idea to the sentiments of the majority of Chechens who in his opinion are opposed to both Dudayev and Russia's military presence.

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A compromise can be reached on this basis through talks, Pain is convinced.

Talks Expected To Resume 10 Jun

LD3105182195 Moscow ITAR-TASS World Service in Russian 1725 GMT 31 May 95

[By ITAR-TASS correspondent Nadezhda Chaykina]

[FBIS Translated Text] Moscow, 31 May — It is presumed that the second round of talks on a peaceful settlement of the conflict in Chechnya under the aegis of the Organization for Security and Cooperation in Europe [OSCE] will begin on 10 June in Groznyy. An ITAR-TASS correspondent was told this by informed sources in the entourage of Dzhokhar Dudayev.

The first round of these talks was held on 25 May in the OSCE mission's building in Groznyy. Then the representatives of the Russian federal authorities, Chechnya's Committee of National Accord, and Dudayev's supporters were unable to come to an agreement concerning methods of peacefully settling the situation in this republic in the Northern Caucasus. A break was announced for holding consultations.

Dzhokhar Dudayev's supporters intend to propose the following plan for a peaceful settlement at the upcoming meeting in Groznyy. At the initial state it is proposed that agreement be reached on a cessation of combat operations, then on the withdrawal of subunits of the federal forces beyond the Rostov-Baku road and the creation of a "peace zone" which would be controlled by the internal affairs ministry forces of the North Caucasian republics or any other subunits of law enforcement bodies, in accordance with a mutual accord.

Dudayev's supporters intend to consent to their weapons being stockpiled in certain centers under the control of international organizations, Chechen sources said. All other problems, including the return of refugees, the building and restoration of destroyed housing, the preparation and holding of elections, the Dudayevites believe, should be tackled after accords have been reached on military matters.

Sources in Dzhokhar Dudayev's entourage hope that some progress is achieved at the upcoming talks, because, in their view, "a state of protracted war will not yield any political, financial, or military dividends to any of the confronting sides."

Moscow To Insist on Disarmament

LD0106110695 Moscow ITAR-TASS in English 1054 GMT 1 Jun 95

[By Tamara Zamyatina]

[FBIS Transcribed Text] MOSCOW June 1 (ITAR-TASS) — Russia will insist at possible talks with Chechen rebels that they lay down arms before any other issue is discussed, according to a senior government official.

"The key issue for the continuation of talks on a peaceful settlement of the Chechen crisis under the OSCE [Organization for Security and Cooperation in Europe] auspices — the issue of disarming illegal units of Dzhokhar Dudayev — remains open", Russian deputy Nationalities minister Vyacheslav Mikhaylov told Tass Thursday.

"There can be no other approach to the continuation of the talks", he said and recalled that during the fighting moratorium introduced by Moscow during VE-day celebrations the Chechen militants violated the truce 178 times.

"Until the militants have weapons, including heavy guns, they will fire", Mikhaylov said.

Sources in Dudayev's entourage told Tass Wednesday that a new round of OSCE-brokered talks may begin in Groznyy on June 10.

However, Mikhaylov said that since the first round was held on May 25, "Dudayev's supporters have not responded to the proposal to accept the term about disarmament and to begin considering the issues of a political settlement of the situation in Chechnya."

Mikhaylov said that local authorities had been established in 13 out of 15 Chechen regions and their representatives would also participate in new talks.

Update on Battlefield Situation in Chechnya

Foreign Agents Said Active in Chechnya

LD3105205195 Moscow NTV in Russian 1800 GMT 30 May 95

[Recorded video report by correspondent Nikolay Nikolayev; from the "Segodnya" program; speakers identified by caption]

[FBIS Translated Excerpt] [Nikolayev] This Turkish citizen, Isak Kehsir, has been in Chechnya for the last four months. In practically all this time, he has not been without a submachine gun, managing to pose for an amateur video camera. When he was arrested attempting

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to get back to his own territory via an illegal route, he presented the documents of a Turkish correspondent. However, an investigation managed to find out that his accreditation as a journalist had not been given by the editorial office shown, but by Turkey's intelligence directorate.

[Unidentified Russian Federation Federal Security Service officer] It is clear to us that this person was carrying out the work of Turkish intelligence. He was collecting information that he obtained in conversations with fighters and field commanders.

[Nikolayev] The information in question was sent back home. Kehsir worked with two professional intelligence officers from Turkey, with the help of satellites, video equipment, and telephone and fax links. The Turkish special services have given Chechnya approximately 10 similar expensive installations. The primary aim of such charity is to reduce Dudayev's contacts with countries sympathetic to his regime.

[Aleksandr Mikhaylov, head of the public relations center of the Russian Federation Federal Security Service] We are seeing direct interference in the internal affairs of the Russian Federation. In the given instance, the Turkish special services provided the opposing side with the means of communication, provided money, and virtually provided advisers.

[Nikolayev] You are watching documentary footage of demonstrations in Istanbul. The demonstrators are protesting outside the Russian consulate general at the beginning of military actions in Chechnya. Kehsir is very active in the crowd. Such Muslim fanatics are easy recruits for the special services of the countries of the near east region. [passage omitted]

The Russian Federal Security Service has had to recognize the presence in Chechnya of not only Turkish but also Jordanian and Afghan intelligence officers. They mainly get into the republic via Dagestan and Azerbaijan. Our counterintelligence officers will not say how many such representatives of the special services are actively working in the military zone, as all foreign agents are not unlike Dudayev's fighters in terms of their appearance and equipment. [passage omitted]

Under questioning, arrested intelligence officers say that their bosses, leaders of the special services, unofficially sponsor the Dudayev regime on various pretexts.

Our counterintelligence officers are convinced that many representatives of foreign special services have already overstepped the gentleman's agreement customary in the work of such departments. In the future, this will significantly complicate their relations with the Russian Federal Security Service. Of course, they will be aware of this only after the war in Chechnya has ended.

'Kamikaze' Units Ready for Terrorism

LD3105115995 Moscow ITAR-TASS in English 1114 GMT 31 May 95

[By Sharip Asuyev]

[FBIS Transcribed Text] GROZNYY May 31 (ITAR-TASS) — The first kamikaze battalions ready to fulfil any assignment and stage subversive and terrorist operations have been formed by militants loyal to Chechen separatist leader Dzhokhar Dudayev, according to Daud Akhmadov, the prefect of the Shatoy district of Chechnya and one of the commanders of the militants.

He told Tass Wednesday that "Chechens have the right to ignore the opinion of the world public because it connives to what is happenning in Chechnya for over six months. We have nowhere to look for aid and we are forced to parry evil with evil," Akhmadov said.

Dudayev Not To Expand Fighting

LD3105133995 Moscow INTERFAX in English 1201 GMT 31 May 95

[FBIS Transcribed Text] ARSHTY, Chechnya, May 31 (INTERFAX) — Chechen leader Dzhokhar Dudayev has rejected a demand by his field commanders for taking action on Russian territory, according to the Chechen military general staff.

One of Dudayev's closer associates, Usman Imayev, said on Tuesday that a council of field commanders had demanded that "military operations be extended from the territory of Chechnya to the rest of Russian territory" "in connection with increased sadism and brutality perpetrated by Russian troops against the civilian population." The commanders gave Dudayev two days to "adopt a new course in policy and the ideology of waging war with Russia," Imayev told INTERFAX.

Dudayev urged focusing on fighting on Chechen territory "in order to clear it of Russian troops," a general staff member told INTERFAX.

Russians Seek To Split Chechen Groups

LD3105134395 Moscow INTERFAX in English 1201 GMT 31 May 95

[FBIS Transcribed Text] ARSHTY, May 31 (INTERFAX) — Federal troops in Chechnya are trying to split groups of supporters of Dzhokhar Dudayev in the directions of Shatoy and Vedeno in the foothills in the south

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of the country, a spokesman for the Chechen staff told INTERFAX Wednesday.

According to him, on Tuesday night federal troops shelled the villages of Serzhen-Yurt, Tsa-Vedeno and Vedeno from two dominating heights. Neither of the sides won tactical advantages, he said.

In the direction of Shatoy federal troops also managed to occupy several heights but the Chechen side claims Russian formations are practically blocked in one of the canyons suffering big losses in personnel and materiel. The militants continue keeping dominating heights along Duba-Yurt range.

The spokesman said federal troops are trying to advance along the range to Agishty with the purpose of splitting the Shatoy and Vedeno groups of militants.

This week the Chechen side has lost 30 men killed and the same amount wounded, while the federal force has lost hundreds of men and scores of armored vehicles, he claimed.

He described the fighting in the directions of Vedeno and Shatoy as a bloodbath.

Russians: 172 Chechens Killed in 24 Hours

LD3105134695 Moscow INTERFAX in English 1201 GMT 31 May 95

[FBIS Transcribed Text] MOSCOW, May 31 (INTERFAX) — The federal troops in Chechnya have continued to force out Dudayev militants from the foothills of south Chechnya. Fighting has been the fiercest in the area of Agishty, Ulus-Kert and Serzhen-Yurt, a high-ranking Russian military told INTERFAX today.

An offensive launched south-west of Agishty enabled the federal troops to seize control over two important strategic heights.

Fire exchanges continued near Bamut, a Dudayev western stronghold not far from the Ingush border.

"A total of 172 militants have been killed, two tanks, three APCs [armored personnel carriers], 18 fire nests, 25 vehicles and a mobile radio have been destroyed in the past 24 hours. Some 53 sub- machine-guns, a mortar, two flame-throwers and 15 grenade launchers have been confiscated," said the Russian military.

"None of the federal troopers have been killed, but about a dozen were wounded," he added.

Rumors of Dudayev's Death Denied

LD3105135195 Moscow 2x2 Television in Russian 1300 GMT 31 May 95

[FBIS Translated Text] Federal troops in Chechnya are continuing their active offensive in the south of the republic. The RIA agency, quoting military sources, reports that successful advances are continuing in the Shatoy, Agishty, Vedeno, and Nozhay-Yurt directions. The tasks set for the troops are being fully accomplished.

According to other sources, in the past 24 hours the Dudayev supporters have lost 172 fighters; two tanks and three infantry fighting vehicles have been knocked out.

The Chechen side has categorically denied rumours that a few days ago Dzhokar Dudayev was killed or badly wounded by a shot from a rifle with an optical sight. Yesterday Dudayev issued new instructions to his field commanders by radio, a Dudayev spokesman told RIA.

Federal Command Denies Heavy Losses

LD0106091395 Moscow ITAR-TASS World Service in Russian 0803 GMT 1 Jun 95

[By ITAR-TASS correspondent Olga Semenova]

[FBIS Translated Text] Moscow, 1 Jun (ITAR-TASS) — Over the past 24 hours the federal forces in Chechnya lost a total of ten people killed and 13 wounded, said a press center spokesman for the command of the Joint Group of federal forces in Chechnya speaking to an ITAR-TASS correspondent. He also flatly denied reports circulated by Dudayev's propaganda machine that some subunits of Russian troops have been trapped in a ravine and are sustaining significant losses.

"Precisely the opposite" is happening, the press center stressed. The federal forces eliminated 123 militants, a tank, an artillery piece, an antiaircraft gun, and four bases. Fighting was carried out in the area of the villages of Agishty, Ulus-Kert, and Bamut. The Russian troops occupied two commanding heights and a rail bridge, sealed off Dudayev's militants in a mountainous location, and dug-in on the Agishty-Kirov-Yurt axis.

One of Dudayev's snipers was discovered and killed in Groznyy, his identity is being established.

Work of Tatarstan State Council Described

954F2378A Kazan RESPUBLIKA TATARSTAN in Russian 25 May 95 p 1

[Unattributed article: "At the Session of the State Council of the Republic of Tatarstan"]

[FBIS Translated Text] Yesterday began the session of the State Council of the Republic of Tatarstan, which

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brought together deputies from the territorial okrugs who work in parliament on a permanent basis.

State Council Chairman V.N. Likhachev proposed a work routine for the permanently operating parliament, which was approved by the deputies. Now the sessions of the State Council will be held on Wednesdays and Thursdays; Mondays, Tuesdays, and Fridays are days for the work of the deputy commissions, and the last week of every month is for the deputies' work in the okrugs.

The session approved the agenda proposed by the Presidium of the State Council. At the initiative of the deputies, its draft was supplemented with other topical issues in the life of the republic.

The first to be considered was the draft law of the Republic of Tatarstan "On the Introduction of Amendments and Additions to the Law of the Republic of Tatarstan 'On Local Organs of State Power and Government,'" which was introduced by the chairman of the Kazan City Council, Deputy K.Sh. Isakov. The elaboration and adoption of this draft law were occasioned by the necessity of providing for legislative regulation of the procedure for the creation and activity of joint councils of people's deputies and joint administrations in the administrative-territorial units having a common administrative center. As of today, 26 local republic councils have appealed to the State Council with the request to create joint councils, including the Kazan City Council. The heads of all seven rayons of Kazan who are deputies to the State Council took part in the elaboration of the draft law.

Speaking in the debates on this question were V.N. Chubarenko, deputy of Okrug No. 79; F.Sh. Safiyullin, deputy of Okrug No. 83; A.G. Akhatov, deputy of Okrug No. 100; and M.P. Yerashov, deputy of Okrug No. 109. The State Council decided to approve the basic provisions of the draft law in its first reading. The commissions on Questions of State Construction, Local Self-Government, and External Relations (the head commission) and on Questions of Legislation, Legality, Law and Order, and Deputy Ethics were entrusted with its elaboration, giving consideration to the remarks and proposals of the people's deputies, and with its presentation for consideration at the session on 25 May.

The draft law of the Republic of Tatarstan "On the Committee of Parliamentary Control of the State Council of the Republic of Tatarstan" was introduced by the committee chairman, S.I. Kirilov. The draft law determines the legal norms of the organization and activity of the State Council's control organ. The draft law proceeds from the principles of the organization of control at the state level of the implementation of the legislation of the Republic of Tatarstan, of the activity of the state organs and organizations, of the condition of the republic budget, and of the progress of the fulfillment of the most important programs of Tatarstan's economic and social development.

Certain of the draft's clauses raised deputy objections. There were proposals to determine more precisely the powers of the control committee. F.Sh. Safiyullin proposed that these powers be expanded, including a human rights commissioner in the ranks of the committee; Deputy G.B. Kobelev, on the contrary, proposed that they be reduced.

Also speaking in the debates were C.K. Oskolon (Okrug No. 92), A.G. Akhatov (Okrug No. 100), M.M. Kurmanov (Okrug No. 91), M.G. Galeyev (Okrug No. 122), A.A. Kolesnik (Okrug No. 115), and O.M. Yermakova (Okrug No. 75).

The State Council approved the basic provisions of the draft law. The Commissions on Questions of State Construction, Local Self- Government, and External Relations (the head commission) and on Questions of Legislation, Legality, Law and Order, and Deputy Ethics were entrusted with revising them and with handing them over before 10 June for the consideration of the session of the State Council in the second reading.

The draft law "On the Introduction of Changes Into the Law of the Republic of Tatarstan 'On the Procedure of the Publication and Putting Into Operation of Laws of the Republic of Tatarstan and of Other Acts Adopted by the State Council of the Republic of Tatarstan and Its Presidium'" was introduced by R.G. Vagizov, chairman of the Commission on Questions of Legislation, Legality, Law and Order, and Deputy Ethics. The law was adopted by the session in toto.

Deputy Chairman of the State Council Z.P. Valeyev gave a report on the draft plan of work on draft laws in the State Council in 1995. Before 15 June, the plan will be completed in the permanent commissions.

The State Council decided to transfer the villages of Yakty-Kul and Dubovka from the Aleksandrovskiy to the Potapovo-Tumbarlinskiy Council of Local Self-Government of Bavlinskiy Rayon.

At the deputies' suggestion, First Deputy Prime Minister of the Republic of Tatarstan R.F. Muratov spoke at the session; he reported on the results of the visit to Tatarstan of First Deputy Prime Minister of the Russian Federation O.N. Soskovets, and on the implementation of the budget for 1995. He talked about priority needs, in particular, the financing of summer vacations for children and teenagers.

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At the end of the meeting, the session heard the editor of the newspaper RESPUBLIKA TATARSTAN speak about the case of editorial remarks on the TATAR-INFORM agency report on the conclusion of a treaty between Tatarstan and Turkey.

The meeting was conducted by Chairman of the State Council V.N. Likhachev.

Today the session continues its work.

Tatarstan Unemployment on Rise

954F2378B Kazan RESPUBLIKA TATARSTAN in Russian 25 May 95 p 2

[Article by Il. Gaziz: "The Situation on the Job Market. Where There Is Stability, There Are No Unemployed"]

[FBIS Translated Text] Every day, the market economy manifests itself more insistently. One of its characteristic features is unemployment. In neighboring Chuvashia, Udmurtia, and Kirov Oblast, the level of unemployment has reached almost 7 percent of the number of those employed in the economy. In our republic, this indicator at the beginning of May 1995 was 1.16 percent. Lately, however, unemployment is increasing more rapidly, especially in the large cities. For example, in Yelabuga it amounts to 2.47 percent. In Naberezhnyye Chelny, it is 2.32 percent; in Zelenodolsk, 2.27; and in Nizhnekamsk, it is 1.4 percent.

Six unemployed persons now compete for one vacant position. If a year or two ago, industrial production and scientific research institutes were laying off mainly engineers and technical workers, now blue-collar workers are being left without jobs as well. Although, 82 percent of the job vacancies are still in working-class professions. As before, women predominate among the unemployed—81 percent.

The professions with the job openings do not always correspond to the professional training of those seeking work. Therefore, in the four months of the present year, 1,816 of the unemployed have undergone or are undergoing training in new occupations, and 737 people, or 91 percent of those completing the training, have been placed successfully in a job. More than 488 million rubles [R] from the employment fund were expended on professional training and professional orientation of unemployed citizens. The training is conducted mainly for the working-class professions—driver, welder, boiler room operator, painter-plasterer, and so on.

Thus, for example, the Aksubayevskiy Bureau of Labor and Employment organized, jointly with the Kazan regional educational center, the training of gas boiler room operators; 16 persons, having learned this trade, got jobs in the rayon center and in villages in the rayon. This bureau, headed by Rustem Muratshin, also renders legal consulting assistance to those wishing to engage in individual labor or to organize a small enterprise. In particular, they helped Raisa Galyamova in the creation of a small enterprise that processes agricultural output, in which job positions will be found for several unemployed persons.

In our republic, however, private enterprise and self-employment have not yet found widespread development. With the aim of publicizing such opportunities, the first information conference was conducted in Kazan on 12 April. Its goal was to inform interested persons on the routine of the employment service organs with unemployed citizens wishing to organize their own business and the conditions for the allocation of grants; on measures of state support of small- and medium-sized business in Tatarstan; on forms of entrepreneurial activity in existence and consolidated in the Civil Code of the Russian Federation; on the procedure for the creation and registration of enterprises, and also familiarization with the work principles of the tax inspectorate with citizens engaged in entrepreneurship. This conference brought to light a great interest among unemployed persons in the problem of organizing their own business.

Many municipal and rayon labor and employment organs have lately begun to concern themselves with attracting unemployed citizens into public works. Thus, in the four months of the present year, 1,101 persons received supplementary support from the budget. Through the employment fund, they were paid more than R53 million.

Altogether in the first four months of this year, 24,407 unoccupied citizens seeking work were on the books at the labor and employment organs. Of these, 20,782 (85 percent) were unemployed; 19,254 person have the right to receive benefits. More than R2.715 billion was spent on payment of benefits and on rendering material assistance to unemployed citizens.

Among the ranks of the unemployed, a significant portion are citizens under retirement age. In connection with the absence of appropriate work, 1,032 of them were offered the possibility of early retirement.

Of course, the most effective measure for reducing unemployment is the normalization of the economy. Those enterprises that have been able to set up their own relations with new purchasers for output and with raw-materials suppliers have already achieved stable production. They will not part easily with their cadres, but, taking advantage of their years of experience and their skill, and quickly orienting themselves amid the market caprices in the demand for goods, they just as quickly

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regulate their output of this production. In this way, they provide work for people. In the republic there are already [word illegible] enterprises and joint- stock companies that have been able to surmount the confusion of the first years of the "bazaar" economy and have rebuilt their own opportunities on the basis of the main requirements of truly market relations—the competitiveness of goods and their timely production and sale. And therefore, such enterprises as the Chistopol watch factory, the Kazan compressor plant, the Electron and Teplocontrol production associations, and the Melita joint-stock company, and certain others always need people and their skilled workman hands.

New Statute Governs Autonomous Okrugs' Powers

MM3105154595 Moscow ROSSIYSKAYA GAZETA in Russian 27 May 95 p 14

["What Does an Autonomous Entity Want a Statute For? Statute (Fundamental Law) of Khanty-Mansiysk Autonomous Okrug Adopted"]

[FBIS Translated Text] There are three equal components of the Federation in Tyumen Oblast: Tyumen Oblast, and two autonomous okrugs — Khanty-Mansiysk and Yamalo-Nenetsk. Of course, the principle whereby one component of the Federation contains another two, which have equal rights with the former, is fine if you are talking about a Russian doll, but not if you are taking about state entities. However, it is written into our Constitution. That is why Statutes must be adopted as soon as possible — relations between Tyumen Oblast and Khanty-Mansiysk and Yamalo-Nenetsk Autonomous Okrugs must be regulated by a law. Above all, by a fundamental law, which is what a Statute is.

Obviously Tyumen Oblast has no wish to give up the oil, gas, timber, and other resources that are concentrated mainly in the North, in the autonomous okrugs. All economic questions there have already been decided on the basis of treaties giving Russia around 30 percent of all hard-currency earnings.

The Russian Federation is not a unitary state; considerable rights are granted to the regions, and they must be exercised. The State says that the Khanty-Mansiysk Autonomous Okrug observes the Constitution and laws of the Russian Federation, and Russia's jurisdiction over the territory of the okrug is not in doubt. It merely determines the relationship with the Russian Federation, the principles of local self-government, and questions relating to the organization and structure of organs of state authority in the autonomous okrug.

The North is a complex region. Both powerful and defenseless. Despite its incredible resources the indigenous peoples' life is little better than that of underdeveloped countries.

Under the Statute the assembly of small peoples forms part of a government organ of authority. Candidates for the Duma are nominated by their public organizations and national settlements. The Statute also enshrines the principles of environmental management and the rights of small peoples, an economic mechanism, the creation of social structures of executive authority, budget payments, and the organization of special funds to maintain living standards and traditional industries.

Only recently people were saying that officials were using small peoples' problems as a cover for efforts to resolve their own separatist problems — which is untrue. The Statute lays down, in the first place, the fact that the autonomous okrugs are part of Tyumen Oblast, and, second, that there is collaboration in all spheres.

Novosibirsk Party, Movement Heads Debate Issues

954F2393A Novosibirsk VECHERNIY NOVOSIBIRSK in Russian 25 May 95 p 4

[Article by Dmitriy Gorbunov: "Take Your Pick; A Choice Will Have To Be Made Not Between Programs, but Between Leaders"]

[FBIS Translated Text] The political club SibSTRIN [not further identified] held a discussion of leaders of Novosibirsk organizations of political parties and movements at the end of last week.

Representatives of the LDPR [Liberal Democratic Party of Russia], the KPRF [Communist Party of the Russian Federation], the RSDNP [Russian Social-Democratic People's Party], Russia's Democratic Choice, the Russian National Union, and Working Russia gathered in the assembly hall of the institute. Literature of all of the aforementioned parties was sold at the doors to the hall before the discussions got under way. The only exception was Russia's Choice, which distributed its party press free of charge, and which, incidentally, was remarkably printed. I especially liked the large color poster with Gaydar's photograph. Yegor Timurovich, in a wonderful suit, gazed thoughtfully ahead, obviously having beheld a radiant future. There was a large caption with big letters under the poster: "Everyone says he produces." A very touching picture. In all of the literature of Russia's Democratic Choice, there was a sheet of paper with a request to express one's attitude toward the DVR [Russia's Democratic Choice]. It was necessary to write down survey data and an address and to tick off one of the four attitude variants: "I am ready to join the party," "I support and am prepared to help," "I am ready to support in the elections," and "Still undecided."

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There were no other variants. Obviously, in the opinion of the DVR, Russians are simply unable not to like or to hate them.... There were not many who wanted to be present for the discussions: About 30 people, and those were predominantly institute employees. The audience, as a whole, was in a pro-communist mood.

Each of the party figures talked briefly about the history and merits of his organization and also about aims and plans for the future. It became clear that all of the aforementioned forces want only good and prosperity for Russia and for Russians, that they hate organized crime, and that they are patriots. Almost no one succeeded in explaining intelligently how they differed from their opponents. Only the representatives of the LDPR and Working Russia stood out sharply from the rest. They formulated their own aims sharply and frankly. Working Russia is decisively against a market policy and the restoration of capitalism, and it completely resembles the unforgettable Bolsheviks, who appealed for a return of all power to the soviets. Zhirinovskiy's Liberal Democrats firmly expressed themselves for a unification of Russia within the borders of the USSR, promising to defend Russians who live in the near abroad with all methods, including with the help of a blockade and the employment of arms. Of course, it was stipulated that this was possible only with a new Government of Russia.

The KPRF and the ROS proved to be so similar as to be identical. It is true that Zyuganov's communists have disowned the old party nomenklatura that is now ruling in Russia, and they noted that only their KPRF is the real party in the exact meaning of this word, with a history, theoretical base, and other necessary attributes. The leaders of the RSDNP looked pale in comparison. However, the social-democrats also do not have very many chances in Russia in general. The conversations about a phased and gradual building of the delights of the Scandinavian mode of living in the country were not too impressive, and the main trump card of the party was and remains Vasiliy Lipitskiy.

The DVR was more complicated than the others. The country remembers very well just what Gaydar's shock therapy means. The only choice that was left was to repeat over and over again that part of the tasks was successfully fulfilled, and the rest did not work out, because Gaydar was the head of the government for only a year, and not for three years, as he wanted. Otherwise, he would have shown all of us. It is amusing that the DVR gave itself credit for concern for veterans, invalids, and the socially unprotected citizens. There was no answer to a question from the audience as to why the DVR consistently voted in the State Duma against social programs.

All in attendance were unanimous in rejecting the necessity for the electoral bloc Our Home—Russia. The leaders of the local KPRF also called the members of this bloc complete "burglars." A lot was said to the effect that the bloc was not a party, and indeed that Russia was not being ruled by political forces, but by a corrupt nomenklatura. As for the possibility of establishing their own blocs, the KPRF wishes to unite the communists and the centrists, the ROS is forming a bloc with the communists, Women of Russia, agrarians, and part of the patriots, and the SDNPR [Social-Democratic People's Party of Russia], in turn, is conducting negotiations concerning a bloc with the ROS, and the LDPR announced that it is a bloc in itself and that it will accept under its banner anyone who will nominate V. Zhirinovskiy for president, and it would not be bad for the DVR to unite all over again....

Afterwards, everyone unanimously and sharply rebuked privatization. And, of course, only the Gaydar supporters stood solidly behind the committee and privatization. On which, in fact, the meeting then ended.

Deputies in Vladivostok Approve Regional Charter

LD3105181195 Moscow INTERFAX in English 1317 GMT 31 May 95

[FBIS Transcribed Text] VLADIVOSTOK, May 31 (INTERFAX-Eurasia) — The parliament in Vladivostok has approved in its first reading a regional charter which makes any change in territorial borders subject to a referendum.

Many say the new provision may stall the implementation of the Russian-Sino border agreement under which Moscow is expected to cede an area of 15,000 hectares of land to China.

Regional Governor Yevgeniy Nazdratenko is strongly opposed to the border deal with Beijing.

The charter says Primorskiy territory is a part of Russia and not available for secession.

The paper has now been put for public discussion before it goes for final approval by the local parliament in July.

Economic Issues

Economic Indicators Show Economy Improving

LD0106103495 Moscow ITAR-TASS in English 1014 GMT 1 Jun 95

[By Oleg Velichko]

[FBIS Transcribed Text] Moscow, June 1 (ITAR-TASS) — A rise of the main macroeconomic indicators — the gross domestic product, industrial production and retail

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trade turnover — was registered in May for the first time over the past years, Yuriy Yurkov, chairman of the Russian Statistics Committee, said here on Thursday.

The gross domestic product topped by two percent the April level, he noted, speaking at a meeting of the government. Some rise in industrial production has shaped up in May.

According to preliminary estimates, a decline in industrial production will amount to four percent over the past five months, which is several times less that in the corresponding period last year.

Several industries have already ensured a substantial growth in the output of goods and their supply to the market. The iron and steel, chemical and petrochemical industries boosted by 10 percent production in January-May as against the corresponding period last year.

The deceleration of inflation rates positively told on the state of the domestic market, Yurkov stressed. The restriction of money circulation helped to hamper domestic price hikes, he claimed. At the same time, Yurkov noted, amounts of non-payments rose.

Report Says Real Incomes Continuing To Decline

MM3105134595 Moscow IZVESTIYA in Russian 31 May 95 p 9

[Report by an "expert group" of the Presidential Council on Social Policy: "Population's Real Incomes Gradually Declining"]

[FBIS Translated Text] The situation that has taken shape in terms of the population's money incomes is a source of growing social tension.

Real disposable incomes increased by 18.9 percent in 1994. That growth was due exclusively to the entrepreneurial incomes of 5-6 percent of the population. The situation of those whose main source of income remains wages and social payments is continuing to deteriorate, despite the fact that the majority of working people continue to work conscientiously. As of January 1995 real incomes had declined by 6 percent compared with January 1994.

The average real wage across Russia is also getting "slimmer." In March this year it stood at 71 percent of the average wage in March 1994. Differentials in work payment are increasing. Whereas in December 1993 around half of working people were on wages below the current Russia-wide average, during 1994 that proportion increased to 60 percent. Moreover, already more than a quarter of the working people were receiving wages lower than the vital minimum.

The actual amount of wages received is also continuing to decline because of the rapid growth in the proportion of mandatory deductions (mainly for housing and municipal services) and the expansion of the range of charges being made for health care, education, and cultural services.

The amount of indebtedness in terms of late payment of wages is also continuing to increase rather than decline. As of May 1995, 35,000 enterprises were in debt to their workers. The total amount of this debt has now reached 5.5 trillion rubles. With this factor included, the real amount of cash (or credited) wages is reduced even further.

All this is tending to further increase the already extreme differentials in income between different population groups. The gap in incomes between the worst- and best-off 10 percent of Russians has reached 13.3 times, according to official figures, or 20-25 times if income concealed from taxation is taken into account.

This April, 29 percent of Russians had money incomes below the vital minimum.

Luzhkov on Moscow's Economic Development

MS3105121195 London THE TIMES in English 31 May 95 p 13

[Unattributed interview with Moscow Mayor Yuriy Luzhkov; place and date not given]

[FBIS Transcribed Text] Q: Moscow has seen a dramatic shakeup since you took office. What changes have you introduced and how will they help the city to work better?

A: I think I will not be able to please you. In any civilised and even uncivilised society bureaucracy has always existed and always will. The most important thing is not to eliminate bureaucracy, but to make it operate more efficiently. I would hesitate to say that we have succeeded, but bureaucrats are now working in a different way compared with 1991.

Under communist rule, the ideological approach had prevailed. Past leaders were scared to weaken party influence. So the structure of management was absolutely irrational. At every turn, our party leaders declared they had no other policy except the people's prosperity. But in reality, their policy was different.

The military-industrial sector was the top priority in the city. It sucked all the available resources from the economy. And the rest was treated as something of minor importance.

Let us take housing. In the 1960s we faced a drastic housing crisis. The authorities started throwing up

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"khrushobyes" — five-storey buildings with horrible layouts, very short-lived. Costs were high. Now, 30 years later, the city authorities must settle the problem — not even to reconstruct, but to demolish these 36 million square metres of poor dwellings and build new, modern houses instead.

Now, we annually commission over three million square metres of dwellings.

Another thing: you know that a ringroad was constructed around the city. Just five years after completion, it was unable to serve its purpose. It was not properly lit and the accident rate was too high. It was called "the road of death." We have to modernise it now, remake all the bridges and road junctions, extend and illuminate it. If only the previous authorities had anticipated future trends, I wouldn't be spending trillions of rubles now.

The centre of any capital is its hear, and its face. This is why our construction initiatives are so important. When I come to London, I go to Piccadilly. If all is well there, I get the impression that England is in good order. Now I'd perhaps go to Docklands as well, just to look at what mistakes were made.

Any leader should take care of the centre with specific thoroughness. What did our former leaders do? They launched the policy of forcing residents out of the centre of Moscow to the outskirts. Once 3.5 million residents lived in the centre; by 1991 there were only 800,000. It became uninhabited. They left vacant houses which looked at the world with empty eyesockets. That's what they did with the capital, apart from the fact that in previous decades communist leaders systematically destroyed churches, excellent old buildings, mansions. Look, here is an album where you can see that old Moscow was the most beautiful city in the world.

Q: How can a tight city budget afford a reconstruction programme as well as the conservation of historic buildings?

A: Moscow is unique in Russia. Last year, it ranked first in the allocations of taxes to the Russian Federation's budget: 17 percent of the total collected.

Because of the introduction of market principles back in the early 1990s we managed to develop many small businesses. There are 340,000 of them registered in Moscow today. I am proud of this. We now produce more furniture, much more food. We produce more domestic equipment. Foodstuff production is my favourite sphere of industry since I myself like to eat well....

In Moscow there is no unemployment. If we had not developed small businesses in good time we would look like many other Russian cities, where joblessness is a serious problem now. We also have 200,000 foreigners working here in the construction business: Ukrainians, Byelorusians, Turks, Finns.

Q: Mr Luzhkov, the image of Moscow is very much influenced by reports of criminality in your city.

A: The media image of Moscow is false. I think the same false impression is formed when one reads reports about London, New York or any other world city. Everything here is more complicated, and easier. It has become harder to live in Moscow because we are free today. But it is true that when we began to acquire the best features of capitalism we lost our socialist gains. The main thing missing here is security. Eight years ago Moscow was a safe city where a young woman could walk in the evening and be sure that she would not be attacked.

The trouble with Russians is they are all or nothing. If a Russian is not free he will be deprived practically of everything; but if he is free he believes that he is free completely and forgets self-restraint. Until recently we looked like British lawns: everything was cut at the same length, all were equal. Now society has become more sharply divided into rich and poor, and unfortunately there are those who want to misappropriate the property of richer people.

If criminality continues to grow, then we must develop corresponding laws and establish a highly disciplined militia to combat it.

Energy Sector Criticized for Debt to Coal Miners

MK0106100095 Moscow SEGODNYA in Russian 1 Jun 95 p 1

[Report by Svetlana Lolayeva in the "Government" column: "The Energy Sector Is Blamed for the Crisis in the Coal Industry. The Russian Integrated Power Grid Is Facing Disciplinary Measures"]

[FBIS Translated Text] Yesterday First Vice Premier Anatoliy Chubays held a conference on the state of the coal industry. Earlier, the explosive situation forced the government to make a rather tough decision whose implementation Chubays checked on yesterday. It transpired that the industry leadership has improved its performance.

Anatoliy Chubays expressed satisfaction with the way the decisions in the coal industry are being implemented. According to him, neither the Rosugol company nor the trade unions "have any serious complaints to make against the government. The Finance Ministry is meeting money provision schedules. The most difficult problem today are the relations between the coal miners and

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the electrical power producers." To a large extent, in Chubays' opinion, "this is the mistake of the Fuel and Energy Ministry because this is an internal departmental problem." According to Vitaliy Budko, leader of the Russian Coal Miners Trade Union, nonpayments by the energy sector have reached 2.6 trillion rubles. "Today," he said, "not even the money that the government supplies via the Russian Integrated Power Grid joint-stock company reaches the mines. Because this is a joint stock company where the main capital is state-owned, the government must straighten things out there."

Chubays was not satisfied with the proposals by the Fuel and Energy Ministry for resolving the situation and issued orders to create an interagency working group under Yakov Urinson that will propose "a whole number of economic, price, and organizational-structural decisions, decisions on ownership and the definition of the Integrated Power Grid status, as well as the character of its impact on the conduct of its regional divisions."

Construction Industry Shows 'General Stagnation'

MM3105145595 Moscow ROSSIYSKAYA GAZETA in Russian 27 May 95 p 7

[Report by government Economic Situation Center: "Construction Is Difficult But Necessary"]

[FBIS Translated Text] The Russian Federation government's Economic Situation Center has conducted a survey of Russian construction organizations' activities in the first quarter of this year and of their intentions for the second quarter.

Judging by the figures given in a bulletin published by the Russian Federation government press service and apparatus, the analysis of the situation in the construction complex, conducted on the basis of assessments of the views of construction organization chiefs, shows a decline in activity and a further reduction in the volume of work carried out, a deterioration in the sector's finances, and a large amount of unused production potential in it.

Only one-fourth of the construction organizations surveyed had managed to maintain the volume of work achieved during the final quarter of last year. This is due also to the seasonal factor — people rarely undertake construction in winter and early spring. Therefore it is perfectly logical that six out of 10 of the respondents saw no reason to reduce their work volumes in the immediate future, while more than one-fourth expected to increase them.

The construction workers of Moscow city and Moscow, Nizhniy Novgorod, Ryazan, and Samara Oblasts look best, against a background of general stagnation. Those in Omsk Oblast, the Republic of Bashkortostan, and Kemerovo and Penza Oblasts look worst.

Financial problems are among the factors hampering effective work in the construction industry, but above all are insolvent customers and a lack of funding. The decline in demand for construction services at the beginning of the year was obviously not connected with the "construction season" then. As a result, more than one-half of organizations complained of a lack of orders. The negative factors mentioned included an unstable tax and legal policy and high commercial credit interest.

Construction workers are not the only ones talking about these problems. It is far more interesting to establish what they prefer to construct these days. Apparently, the greatest proportion of them — 47 percent — are working on housing projects. Some 35 percent are engaged in constructing industrial and social and cultural facilities. Once you have constructed something, you have to sell it as well. There is not much cheer here, unfortunately. The cost of construction and assembly work is clearly on the rise. Small construction organizations' rates are rising the most slowly. The major construction firms expect to effect the biggest increases in the second quarter, so customers are advised to hurry.

However, the construction workers do have grounds for optimism. Their chief hopes are pinned on the measures the government is adopting at the federal level to strengthen the revenue part of the budget and the creation of favorable conditions for enlisting private and foreign capital together with stronger financial discipline and the introduction of new forms of funding. All this should increase investment activity.

Doubts Raised Over Prospects for Grain Harvest

MM3105143695 Moscow KOMSOMOLSKAYA PRAVDA in Russian 30 May 95 p i

[Article by Yelena Arakelyan under the "That's a Rarity" rubric: "Russia Pins All Hopes on Oklahoma" — from the "Business Tuesday" section]

[FBIS Translated Text] Russian agrarians have yet again sounded the alarm: Sowing is on the verge of breakdown. Despite the early spring and the fairly warm May days, our agricultural enterprises have had difficulty in coping with even half of the areas to be sown.

There is nothing new about the problems preventing our agrarians from living and working: They crop up every spring like clockwork. What the countryside lacks is first, money and second, everything else.

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After the agrarian lobby won a clear victory over the Russian budget in the first quarter — the agro-industrial complex received over 2 trillion rubles [R] — the Finance Ministry decided to "turn the screw:" From April to June the country was allocated only R1 trillion (instead of the promised R3.5 trillion).

The customary fuel problems have arisen because of the lack of resources. This year farms are being supplied with approximately 45 percent of last year's supply of gasoline and 50 percent of last year's supply of diesel fuel. It was assumed that the peasants would receive a so-called commodity credit — that fuel would be allocated to them on the strength of the future harvest. The commercial structures to which most oil-refining enterprises now belong are not ecstatic about this idea and are releasing their commodity exclusively for "real" money. That is why some farms are slaughtering their dairy herds and exchanging the meat for gasoline.

Although it was initially assumed that this year Russia should harvest, according to official data, up to 82 million tonnes of grain (approximately the same was harvested last year — the lowest harvest in a decade), this figure is already in doubt. If the sowing campaign proceeds at the previous pace, there is a chance that grain crops in the central belt will simply fail to ripen.

So Russians should certainly be glad that compared with last year the weather conditions in most Western countries are more favorable for grain crops. This means that world market conditions could also be favorable. Despite the agrarian lobby's consistent desire to curtail grain imports, it is already clear that we will not last the year without them — Russia's grain requirement is estimated at approximately 100-110 million tonnes.

Grain Monopoly Group May Increase Food Prices

MK3105112095 Moscow MOSKOVSKIYE NOVOSTI in Russian, No. 38, 28 May-4 Jun 95 (Signed to Press 30 May 95) p 5

[Report by Andrey Sizov, leader of the Sovekon center: "The Grain Market Under the Seller's Monopoly"]

[FBIS Translated Text] According to Sovekon's preliminary forecast, the gross grain yield in Russia this year could be 76-81 million tonnes, i.e., somewhat below last year, one of the worst harvests, when 81.3 million tonnes were gathered in. Moreover, if the weather fails, the grain situation could be very bad. It will be noted that in the past two years Sovekon's forecasts about the grain harvest in Russia made in May were fully justified. Unfortunately, it would be better if the harvest proved to be higher than what we expect.

Compared to the previous year, the area sown to winter crops shrank by 8 percent. Moreover, 18 percent of the sprouts died after winter. True, thanks to the early spring, the planting of spring crops began substantially earlier than last year, but by mid-May in a number of regions the spring sowing schedule already began to slip behind last year's. There is a shortage of equipment, fuel, and lubricants. As a result, the scope of sowing work may have to be cut, especially in Siberia and Altay, and the aggregate area under spring crops this year can fall by 1.5 million hectares. Because considerably less mineral fertilizer is being used, one can hardly hope that the reduction of sown area will be offset by higher yields.

What is the outcome? A tense situation could emerge with supplies of food grain: wheat and rye. Whereas grain consumption as cattle fodder falls each year as a result of the shrinking number of cattle, food grain needs remain stable. Moreover, this year they might even increase somewhat as a result of growth in the consumption of baked and pasta products, which partially compensates for the reduced livestock product consumption.

The paradox of this grain situation is that in spite of a sharp fall in output, last year Russia became a major grain exporter. Not only is fodder barley exported (which, it should be noted, in the context of a decline in livestock breeding is quite justified) but also food wheat. In effect, with respect to all CIS countries, including the so-called bread basket Ukraine (with the exception of Kazakhstan), last year Russia was a wheat exporter.

Grain export points not to a relative surplus, as in the case of barley export, but to the dragged-out formation of the internal grain market. The state is the most unpredictable operator on this market. On one hand, it tried to call the tune by defining the volumes of procurements, necessary to meet federal needs. On the other, it is incapable of paying the piper, not having sufficient financial sources.

This year the situation with federal grain procurements could grow even more complicated. The problem is not the traditional shortage of funds. It is still unclear who will be making these procurements.

So far, grain for federal needs has been purchased by the Roskhleboprodukt corporation, but now the Federal Food Corporation (FFC), emerging from the background, is laying claim on a leading role.

What difference, it would seem, does it make one way or another: In both instances a corporation and in both cases a federal one. Yet the difference is substantial, and

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it has to do not with abstract matters, but quite down-to-earth ones, such as bread prices.

Whereas Roskhleboprodukt represents the interests of grain processors and consumers, the FFC is in effect a structure of the Russian Federation Agriculture Ministry headed by the first deputy agriculture minister. With the creation of the FFC, the Agriculture Ministry can define the volume of federal procurements and procurement prices, orienting itself primarily toward the interests of agricultural producers, not consumers. Whereas in the past, at so-called regional grain producers conferences Roskhleboprodukt would insist that domestic procurement prices cannot be higher than world prices, now this counterbalance can be removed.

In effect today the intention is to create a supermonopoly in the main food markets. In contrast to Roskhleboprodukt, so far the FFC has no corresponding infrastructure or connections at the local level. Therefore, whereas Roskhleboprodukt's commission for grain procurements is fractions of a percentage point, the FFC is going to charge 3 percent for its services.

All this can have a much more serious impact on the state of the budget and food prices than playing with food import duties.

Government Decree on Payments Commission

MM3105131795 Moscow ROSSIYSKAYA GAZETA First Edition in Russian 31 May 95 p 5

[Decree of the Russian Federation Government No. 501 signed by Russian Federation Government Chairman V. Chernomyrdin in Moscow on 23 May 1995: "On the Russian Federation Government Operations Commission for Improving the System of Payments and Settlements"]

[FBIS Translated Text] In view of providing for the work of the Russian Federation Government Operations Commission for Improving the System of Payments and Settlements, the Russian Federation Government decrees:

1. By way of amendment to Russian Federation Government Directive No. 1235-d of 5 April 1994 (SOBRANIYE ZAKONODATELSTVA ROSSIYSKOY FEDERATSII, 1994, No. 16, p 1920), that the proposed composition of the Russian Federation Government Operations Commission for Improving the System of Payments and Settlements (hereinafter the Operations Commission) be approved.

2. That it be laid down that the preparation of materials for examination by the Operations Commission as well as organizational and technical support for its activity be implemented by the Russian Federation Government Apparatus.

That a section responsible for support for the Operations Commission's activity be formed within the Russian Federation Government Apparatus Economic Department to organize the work of the Operations Commission. That the number of officials in the section be set at three, with provision for a corresponding increase in the staff of the Russian Federation Government Apparatus.

The chief of the Russian Federation Government Apparatus Economic Department coordinates the work of departments and administrations of the Russian Federation Government Apparatus in preparing materials for examination by the Operations Commission.

3. That the leader of the Russian Federation Government Apparatus identify premises for the holding of sessions of the Operations Commission and resolve in accordance with established procedure the question of making all forms of communications, including government communications, available to the section responsible for supporting the Operations Commission's activity.

4. That decisions of the Russian Federation Government according to the attached list (not published) be deemed no longer valid.

[Signed] Russian Federation Government Chairman V. Chernomyrdin.

Composition of the Russian Federation Government Operations Commission for Improving the System of Payments and Settlements

Chubays A.B. — first deputy chairman of the Russian Federation Government (chairman of the Operations Commission)

Bolshakov A.A. — deputy chairman of the Russian Federation Government (deputy chairman of the Operations Commission)

Davydov O.D. — deputy chairman of the Russian Federation Government, Russian Federation minister of foreign economic relations (deputy chairman of the Operations Commission)

Paramonova T.V. — acting chairman of the Bank of Russia (by agreement)

Livshits A.Ya. — assistant to the Russian Federation president on economic questions (by agreement)

Panskov V.G. — Russian Federation minister of finance

Yasin Ye.G. — Russian Federation minister of the economy

Kovalev V.A. — Russian Federation minister of justice

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Melikyan G.G. — Russian Federation minister of labor

Shafranik Yu.K. — Russian Federation minister of fuel and energy

Yefimov V.B. — Russian Federation minister of transport

Fadeyev G.M. — Russian Federation minister of railways

Nechayev E.A. — Russian Federation minister of health and medical industry

Belyayev S.G. — chairman of the Russian State Committee for the Management of State Property

Yakovlev V.F. — chairman of the Russian Federation Higher Court of Arbitration (by agreement)

Urinson Ya.M. — Russian Federation first deputy minister of the economy

Gusev V.V. — leader of the Russian State Tax Service

Almazov S.I. — director of the Russian Tax Police Department

Bochin L.A. — chairman of the Russian State Committee for Antimonopoly Policy

Kokoshin A.A. — Russian Federation first deputy defense minister

Davydov V.I. — Russian Federation deputy general prosecutor

Kruglov A.S. — chairman of the Russian State Customs Committee

Glukhikh V.K. - chairman of the Russian State Committee for Defense Sectors of Industry

Strashko V.P. — Russian Federation deputy minister of internal affairs

Pozdnyakov A.M. — Russian Federation first deputy minister for nationalities affairs and regional policy

Napolov G.Ye. — acting chairman of the Russian State committee for Industry

Tsekhanov V.S. — chief of the Russian Federation Federal Security Service Economic Counterintelligence Directorate

Zverev A.V. — chief of the Russian Federation Government Apparatus Economic Department

Maltsev I.S. — chief of a section of the Russian Federation Government Apparatus Economic Department, responsible secretary of the Operations Commission

Nemtsov V.Ye. — governor of Nizhniy Novgorod Oblast

Lisitsyn A.I. — governor of Yaroslavl Oblast

Suslov V.A. — head of administration of Tver Oblast

Sevryugin N.V. — head of administration of Tula Oblast

Kadannikov V.V. — president and general director of the "AvtoVAZ" joint-stock company (by agreement)

Pugin N.A. — president of the "GAZ" joint-stock company (by agreement)

Malkin V.B. — president of the "Rossiyskiy Kredit" commercial bank (by agreement)

Khodorkovskiy M.B. — chairman of the board of the "Menatep" bank (by agreement)

Boyko M.Ye. — general director of the "Russian Center for Privatization" public-state fund (by agreement).

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International Affairs

Kuchma: Bosnia Situation 'Going Out of Control'

LD3105171595 Moscow ITAR-TASS in English 1650 GMT 31 May 95

[FBIS Transcribed Text] MOSCOW, May 31 (Itar-Tass) — "The military and political situation in Bosnia is going out of control which is fraught with unpredictable consequences for the international community," Ukrainian President Leonid Kuchma said in his message addressed to the U.N. Secretary-General Butrus Butrus-Ghali. Kuchma called to convene as soon as possible a session of the U.N. Security Council on the level of foreign ministers to discuss the situation in the Balkans. Kuchma's message notes that "the Yugoslav conflict can be resolved only by means of political talks," says a report by the "Ukraine-express" news agency which came to Itar-Tass today.

The Ukrainian president noted with regret that "NATO's air strikes on the Serbs' positions, intended to show the warring sides that the international community is strong enough to compel the warring sides to make a choice in favour of the political settlement of the problem, had an opposite effect. The force measures led to more extensive use of heavy weapons by the Bosnian Serbs, which caused the death of tens of peaceful civilians. Moreover, U.N. peace-keeping contingents were blockaded and disarmed in the area of Sarajevo. Mines were planted at the approaches to Sarajevo, the enclave of Gorazde and other cities."

The message says that "Ukraine is concerned over the fact that under these circumstances acts of animosity, humiliation and violence were aimed at the U.N. peace-keepers, including a considerable number of Ukrainian servicemen who at the risk of their lives did their best to protect the peaceful population."

Kuchma on Settlement of Black Sea Fleet Problem

MM3105120295 Moscow KRASNAYA ZVEZDA in Russian 31 May 95 p 3

[Report by Grigoriy Nesmyanovich and by Anatoliy Polyakov in Kiev: "Black Sea Fleet Between Minsk and Sochi. Leonid Kuchma Favors Compromise With Russia, But Apparently on His Terms"]

[FBIS Translated Text] Ukraine's President Leonid Kuchma held a press conference last Monday [29 May], mainly devoted to the outcome of the Minsk summit. The overwhelming majority of questions addressed to him dealt with his forthcoming meeting with Boris Yeltsin and the division of the Black Sea Fleet. Even while in Minsk, Kuchma told Ukrainian journalists that the military will never manage to agree and that Boris Nikolayevich apparently "was not aware of our proposals...."

"I am well aware that Russia has strategic interests in the Black Sea, and take this into consideration," Leonid Kuchma declared at the press conference. "We are prepared to sign an agreement with a view to creating normal conditions for the functioning of the Russian Navy, but without breaching Ukraine's current legislation or infringing its national interests." This problem, it was noted, must be resolved in the very near future because, according to the president, any further delay would meaning dealing trump cards to those who do not want the establishment of normal relations between Ukraine and Russia. In Kuchma's opinion, the Sochi meeting will be the final one on the Black Sea Fleet problems.

It would be nice to believe this, but the Ukrainian president has already made too many reservations for a truly realistic decision on the fleet's future. In the recent past he has been more favorably inclined toward the West and NATO than toward his closest neighbor, Russia. True enough, it is perfectly feasible that he might be driven toward alignment with Russia by the wave of dissatisfaction in Eastern Ukraine and Crimea and the open confrontation with Oleksandr Moroz and the Communists and Socialists in parliament as regards economic reforms. Talks with plenipotentiaries from all mining regions started in Kiev Tuesday [30 May]. They arrived there with tough demands: Payment of the months-long arrears of wages and radical solution to the question of ways to extricate the sector from its profound crisis. Evidently, in these conditions Leonid Kuchma really wants to achieve a breakthrough at the talks on the Black Sea Fleet so as to restore his reputation. But not everyone finds his terms suitable....

Joint Exercises With U.S. Marines Begin 25 Jul

WS0106085695 Lvov INFOBANK in English 0730 GMT 1 Jun 95

[From the "News Service" feature]

[FBIS Transcribed Text] Mykola Savchenko, head of the press center for Ukraine's Armed and Naval Forces has told an INFOBANK correspondent that from July 25 until August 5 joint military training exercises for Ukrainian and U.S. marines will be held as a part of NATO's "Partnership for Peace" program. Those taking part in the exercises will include one naval vessel from the U.S. side, Ukraine's Air Force and several of its naval vessels, including the flagship SLAVUTYCH. Cooperation in peacekeeping operations will be worked out during the maneuvers, specifically landing operations and close combat with a fictitious

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enemy. In charge of training for the Ukrainian side will be Rear Admiral Mykola Kostrov, deputy commander of Ukraine's Armed and Naval forces.

U.S. Connection in Tkachenko Court Procedure

MK3105102095 Moscow SEGODNYA in Russian 31 May 95 p 8

[Report by Konstantin Parishkura under the "Ukraine" rubric: "Criminal Proceedings Instituted Against Deputy Parliament Speaker for Crude Interference in Activity of Prosecution Organs"]

[FBIS Translated Text] Ukraine General Prosecutor Vladislav Datsyuk yesterday signed a decree on criminal proceedings to be started against Oleksandr Tkachenko, first deputy chairman of the Ukraine Supreme Council under Article 180.3, Section 2, of Ukraine's Criminal Code based on instances of crude interference in the operation of prosecution organs.

Let me briefly remind you what it is all about: Several scandals erupted in Ukraine's parliament at the end of last year over its top leaders' part in rather shady financial and economic operations. Early this past February, the Supreme Council tasked the General Prosecutor's Office with looking into one of the celebrated affairs involving large-sum credits to the commercial "Land and People" firm from private U.S. firms under state guarantees. The firm was headed by Oleksandr Tkachenko, now Supreme Council first deputy chairman. The firm failed to repay the credits totaling $70 million. There is no precise information on them (besides guesses published in the press). The credits had to be repaid to the Americans out of the budget. When the Prosecutor's Office requested materials on the activities of the "Land and People" firm, they were not provided. Deputy General Prosecutor Olga Kolinko, who was tasked with the inquiry into this affair, came under the strongest pressure: In particular, the firm's head himself demanded that the inquiry be stopped. After being summoned to appear in Mr. Tkachenko's office, the general prosecutor ended up in the hospital.

Then suddenly, the question of a General Prosecutor's Office report surfaced in the agenda of a Supreme Council session. The first attempt to topple the general prosecutor, and the General Prosecutor's Office Collegium for that matter, did not succeed. And now criminal proceedings have been instituted. Naturally, the development is connected with the current alignment of forces both inside parliament (Tkachenko is member of the Agrarian faction, one of the most powerful in the Supreme Council, and an ally of the Socialists and the Communist in the left-wing bloc) and between Ukraine's power branches. But then the second discussion of the General Prosecutor's Office report in the Supreme Soviet planned for June must have spurred the general prosecutor to such a decision.

Clinton Urged 'To Stop Russia's Encroachments'

AU0106110495 Kiev UKRAYINSKA HAZETA in Ukrainian No. 11 (76) 25 May-8 Jun 95 p 1

[Article by UKRAYINSKA HAZETA political columnist Vladyslav Omelchenko: "William Clinton Visited Kiev and Left. What Next?"]

[FBIS Translated Excerpt] [passage omitted] Press agencies represented by hundreds of foreign correspondents reported in the mass media about all known and unknown moments of the visit of William Clinton and his spouse Hillary Clinton to Ukraine, which is not just a great European power, but also one with a thousand-year-history and culture and a large economic potential, a country that may play a significant role in world politics. [passage omitted]

Clinton's visit to Russia was not marred by the Chechen problem, but rather by the American one — Russia's striving to render Iran technological assistance in creating its own nuclear potential. It pains the United States. The United States monitors this. Even though the Russian and American presidents smiled at each other in front of television cameras, all politicians and international observers understood perfectly well that there had been no friendly talks between the United States and Russia. Moscow has, in fact, remained with its own Chechen and Iranian interests. It is clear, therefore, that Clinton needs a window in this region, a window through which he and his successors might, if necessary, act against Russia.

Politics, like a river, does not stand still. Until quite recently, the United States built its policies with regard to those new countries that had emerged on the ruins of the USSR in the light of Russian geopolitical interests. Some American politicians had viewed Ukraine as a dangerous nuclear power. This is now a thing of the past. The nuclear missiles deployed on our territory have turned into paper tigers. Ukraine was the first country in history to voluntarily give up its nuclear shield and the first among the CIS countries to join the "Partnership for Peace" program. It seems that the United States has started to sincerely appreciate this.

It is important and valuable that, while in Kiev, the U.S. President dealt exclusively with Ukraine both in thoughts and in words and did not associate it with Russia. For me, as perhaps for all of my fellow citizens, it was a pleasure to hear from the esteemed American guest the high estimation of the heroic deed

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of specifically the Ukrainian people in World War II. In May 1945, American soldiers met on the Elbe with soldiers of the First Ukrainian Front. Clinton stressed this in one of his speeches. [passage omitted]

The great importance of our state was also confirmed in the article "A Plan for Europe" that was published in an American paper by Zbigniew Brzezinski, a well-known political scientist: "The problem of Ukraine should not be ignored. Ukraine is simply too large and too important, and its existence is of special significance both for Russia and for the West."

The head of the American State voiced support for Leonid Kuchma's reform policy. This is particularly important now that the majority in the Supreme Council puts obstacles to the president in building a new Ukraine. During his stay in Kiev, William Clinton did not have a single official-level meeting with Supreme Council leaders. Thereby he gave to understand who is the true master in the state.

Thus, Leonid Kuchma also received moral international support. Will he be able to take advantage of the favorable situation and strengthen his power? This is a difficult question both for the president and for Ukraine, for through the efforts of people's deputies, nothing much has remained from the Power Bill that he submitted to the parliament for approval.

Ukraine expects from the president courageous and decisive actions and not foot-dragging or temporizing. We must finally put an end to the antistate actions by neocommunist leaders in their struggle for the restoration of the old Soviet system and the colonial USSR.

The presidents of the United States and Ukraine signed a Statement that is advantageous for both states. In particular, Ukraine will receive economic support from the United States and international monetary organizations. Clinton promised to grant Ukraine considerable funds within the "Partnership for Peace" program before the end of this year.

The United States will grant $250 million in credits for covering Ukrainian needs in so-called critical imports.

In accordance with the Nunn-Lugar program, another $27 million has been promised for Ukraine. It is not a slip of the tongue — $27 million! It seems to me that it is, after all, a symbolic price to pay for what Ukraine has done for the United States, having given up the strategic nuclear missiles that threatened U.S. security. Let us hope for better decisions.

A number of intergovernmental Ukrainian-American documents were also signed in Kiev. They will be of great importance in bilateral relations and in strengthening our country's independence, sovereignty, and statehood.

It was a pleasure to see the respect and understanding for Yevhen Marchuk, our potential prime minister, shown by members of the American delegation and by the U.S. President himself. [passage omitted]

Clinton's aircraft flew from Kiev with the sun shining. One would like to believe that the U.S. president's lofty and friendly words will become a blessing for Ukrainian independence. I, for example, also hope that the United States will be able (and must be able) to stop Russia's encroachments upon Ukraine. Because today, Ukraine is very vulnerable to aggressive adversaries. [passage omitted]

National Affairs

President Kuchma Addresses Nation

LD3105195395 Kiev Radio Ukraine World Service in Ukrainian 1800 GMT 31 May 95

[Television and radio address to the nation by President Leonid Kuchma — live or recorded]

[FBIS Translated Text] Esteemed compatriots. You gave me the authority of head of state. Therefore it is to you that I am appealing for understanding and support in the most crucial moment for Ukraine and its people. I am forced to do this by the political crisis which has in effect paralyzed life in Ukraine.

I am deeply confident that the political confrontation between the branches of power is unacceptable in the conditions of ruination of the economy, the decline of intellectual and spiritual life, and the crime wave and, above all, when considerable numbers of our compatriots have found themselves humiliated by poverty. It is not just deeply immoral but also dangerous. People will lose, whoever wins in this unhealthy confrontation.

Time is being wasted. The state energy necessary for stabilization of the economy and society in general and for improvement of people's life is being used for ignoble purposes. An understanding of this has always been and remains the basis of the president's position. The almost four-year experience of independent Ukraine shows that the current deformed state system is one of the main obstacles to ruinous processes. It lies is the absence of [word indistinct] implementation of anticrisis measures.

The objective preconditions of the constant tension in the triangle made up of the Supreme Council, the president, and the government lie there. At the same time

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contradictions have emerged not only between Kuchma, the current composition of the Supreme Council, and the Masol government. Similar problems existed before, too. The problem is not one of personalities, but the imperfect system of organization of power. Political war is raging between the undivided functions of institutions of power. It is characteristic of many states of the former republics of the Soviet Union.

State and political reform will inevitably take place in Ukraine. Without redistribution of powers between the legislative and the executive bodies of state power, without the creation of an effective executive vertical structure, without a clear definition of who is responsible for what, we will continue to mark time.

The president has no claims to the functions of the Supreme Council. He wants to have only those powers which naturally belong to the executive branch. This is called for above all by the state of the economy. [Words indistinct] that almost one-third of the issues considered this year by the Supreme Council belong in effect within the responsibilities of the government. Where are the practical solutions which would change the situation for the better? They do not exist and cannot exist because the Supreme Council with its composition of over 400 deputies is objectively incapable of ruling the country directly.

For three years the government has been under control and answerable to the parliament. [Words indistinct] Now the Supreme Council has once more made the Cabinet of Ministers resign. Does it make society more stable? No. Has anybody in the new government [words indistinct] the previous ones? Virtually no.

For how long can the personnel merry-go-round continue without changing anything in essence? Who are we deluding? Only ourselves. People will begin to respect power only when real changes for the better take place. And that is possible only when each attends to his own business. The Supreme Council creates laws, the president and the government implement administrative and control functions, and the courts ensure justice. Only then we will be able to get out of the crisis, to preserve peace and accord in society, to build a truly law-based democratic state and to raise our living standards.

It is these considerations that the president adhered to when he submitted the draft law on power for the consideration of the Supreme Council. The draft law was considered for an extremely long time — over five months. I did my utmost to accommodate the proposals of people's deputies.

On 18 May the Supreme Council took its decision — the law was passed. However, unfortunately this most important state act has been swamped in technical procedures of its implementation. The leadership of the Supreme Council, together with some people's deputies, are deliberately prolonging that process. They are denying the executive power a legal basis to make their work more active and are in effect blocking it. The appointment of the new government is being hindered.

The president still has no influence on the local authorities. He cannot make them answer for the state of affairs. At the same time pressure on law-enforcement bodies is growing, in the first instance on the Prosecutor General's Office of Ukraine. A hypocritical political campaign is being staged around the law on power. The president is being accused of trying to install an authoritarian regime, stage an anticonstitutional coup, and limit democracy. All these accusations have no basis and are preplanned, simply because I only want power to be power. And this law has all the norms which guarantee citizens freedom, democracy, and protection of their inalienable rights. This has been admitted not only by prominent lawyers of Ukraine but also by experts of a number of European organizations.

The law envisages the creation of strong authorities which would be able to install order in Ukraine, to provide economic stability, to defend the rights of its citizens. And Ukraine will by all means have such authorities. The question is only whether they will appear as a result of an agreement between the Supreme Council and the president or other, more difficult and prolonged events.

The efforts of the president and many people's deputies are directed at a civilized solution of the question of power and not at (?their delay). Unfortunately a considerable part of the parliament has once more showed its unwillingness and inability to work creatively and has provoked confrontation both inside the Supreme Council and with the president. The consequence of that is the deepening of anarchy and vacuum of power in the state, the worsening of the already difficult situation of our citizens.

Further coexistence between the president and the Supreme Council with its current legal status is impossible. An end should be finally put to that.

Current legislation has no provisions for a clearly defined way out of this confrontation. Attempts by each branch of power to remove the other entail a risk of losing civil accord and peace. As head of state I once more state with all responsibility that the president will not resort to the use of force in resolving conflicts. He will not allow such actions by

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any forces whatsoever. The biggest political victories will not justify spilling even a drop of blood, including that of political adversaries. God and the people will curse those who break peace and calm on Ukrainian soil.

I am convinced that in this situation only one judge can ensure justice — it is the people. I understand very well that today for the majority of you the most topical issue is how to bring up and clothe the family, to satisfy the most basic needs of life. The conflict of those in power is nothing but irritating. But I am appealing for your understanding that the confrontation already exists, it is extremely dangerous. If it is not overcome, the worst consequences are still to come which you, inevitably, will be the first to feel. They will affect the lives of all of us. They will affect the future of our children and the future of the state.

It would be unprofessional to prolong a solution to this problem. It [word indistinct] could become heated. Taking all this into consideration, the president, as the guarantor of rights and freedoms of citizens, state sovereignty, has taken a decision to hold a Ukraine-wide poll among population on confidence in the president and the Supreme Council. I am calling on you, citizens of Ukraine, to support this decision. Your direct expression of your will in the current situation is the only way to avoid illegal actions, to put an end to internal contradictions in a civilized manner, to preserve peace and calm and to regulate the conflict of power.

I believe that wisdom and composure of people will become a reliable deterrent of the growth in civil tension, will restrain the hot heads of politicians from unbalanced and imprudent steps. Your will, dear compatriots, is the law both for the president and the Supreme Council. We are all obliged to obey it.

President Orders Nationwide Confidence Vote

WS0106104995 Kiev INTELNEWS in English 0214 GMT 1 Jun 95

[Report by Oksana Hasiuk]

[FBIS Transcribed Text] Kiev, May 31 — President Leonid Kuchma has ordered a nationwide plebiscite on June 28 to determine the level of confidence in both him and parliament.

In a 9 p.m. Wednesday [31 May] televised address, Kuchma said that the conflict between president and parliament that has ensued in the wake of parliament's refusal to approve his Power Bill is crippling the government's moves toward reform.

"State political reform should be conducted in Ukraine," said Kuchma said, adding that he is not trying to take over the functions of parliament, but only those proper to the executive branch.

According the president, parliament as it is currently staffed is incapable of constructive work. Under the current conditions, according to the president, there should be a clear division of powers in Ukraine's Government. He reiterated calls for the "executive chain of command" envisioned for the government in his Power Bill.

Kuchma said he made the "maximum step towards deputies" during consideration of the bill. "Parliament's leadership together with some of its deputies, is purposely dragging out the process of putting the Power Bill in force and, in fact, is blocking it," he said.

The president also criticized parliament for putting political pressure on the General Prosecutor's Office in its investigation of high level corruption cases.

"Power must be power," said Kuchma. "And only one judge can administer justice — the people of Ukraine."

Preliminary reaction among political leaders has varied.

Members of the president's Regional Council, which includes all oblast leaders, declared Wednesday that they support the president's plebiscite decision and are "ready to share with the president responsibility for the situation in Ukraine."

Rukh leader Vyacheslav Chornovil said that the president's appeal to the people "was a bit unexpected." But, he said, the president has often declared his intention to conduct a plebiscite.

"I learned about the decision of president to make an appeal to the people an hour before he did it," Chornovil told INTELNEWS. "My reaction to the appeal was calm," he added.

According to Chornovil, Kuchma's goal in making the appeal is to push hesitant deputies into signing a constitutional agreement between the president and parliament that would implement the governmental arrangements sought by the Kuchma Power Bill.

According to Roman Bezsmertnyy, a member of the Conciliatory Committee that prepared the Power Bill, nearly 150 deputies have signed the agreement as of 6 p.m. Wednesday, and that 75 more are expected to sign on Thursday, bringing the level of support for the document to a parliamentary majority.

The Statehood, Rukh, Unity, Center and Reforms parliamentary factions, the Independents and the Interegional Deputy Group (IDG) announced their support for the

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measure in a joint issued statement issued Tuesday after parliament rejected enabling legislation required to implement the Power Bill.

Chornovil said he is working on the official statement from Rukh, which may be announced at Thursday's session of parliament. The statement, according to Chornovil, would propose that if the agreement is signed by a majority of parliament and parliament Speaker Oleksandr Moroz refuses to sign it, that it be nonetheless considered a constitutional act.

According to Chornovil, Moroz seemed agitated after the Kuchma television speech. "I was notified (by Moroz) after Kuchma's speech that the parliament's Presidium meeting is scheduled for Thursday 8:30 a.m."

According to Volodymyr Semynozhenko, a member of Independents group which was among the initiators of the constitutional agreement, the parties supporting the agreement will insist upon its consideration on Thursday by the full parliament.

Moroz Views Power, Clinton Visit, NATO

WS0106084595 Kiev KIYEVSKIYE VEDOMOSTI in Russian 30 May 95 p 3

[Interview with Ukrainian Supreme Council Chairman Oleksandr Moroz by UNIAN reporter Svitlana Dorosh, "exclusively for KIYEVSKIYE VEDOMOSTI"; place and date not given: "Oleksandr Moroz: 'While Voting for Law on Power, I Am Experiencing Mental Discomfort'" — first paragraph is KIYEVSKIYE VEDOMOSTI introduction]

[FBIS Translated Text] The interview with Supreme Council Chairman Oleksandr Moroz was held an hour after the parliament at least ten times rejected all kinds of bills envisioning the introduction of Ukraine's law "On State Power and Local Self-Rule." Today, the legislature has to say its final word on whether a new form of administration suggested by the president will or will not be introduced in Ukraine. Thus, the first question to Oleksandr Oleksandrovych concerned this particular issue.

[Dorosh] During the roll-call vote on the Law on Power you cast your vote in favor of the latter, despite the fact that both then and now you oppose many of its provisions. What became your primary argument in favor of the law?

[Moroz] The primary argument was to put an end to annoying speculations by certain politicians and the media about the existing opposition between the president and the Supreme Council, and moreover, between the president and myself, as head of the legislature. Pursuing this goal, I voted "for," although, frankly speaking, while making a compromise and disregarding my principles I experienced mental discomfort. I am doing everything I can to enact the law, but I continue to draw the attention of its advocates to the imperfection of a number of its articles, their hidden incongruities, and the norms of organizing the authority stipulated by the law, that are less efficient than those envisioned by the current Constitution of Ukraine.

For instance, on the one hand we establish the norm under which the Cabinet of Ministers is fully subordinated to the president and in fact, exempt from parliamentary control; on the other hand we envision the forming of the legislature on a multiparty proportional basis. Thus, we create conditions for the following scenario: The government, expressing the president's will may represent one political force, while the parliament may represent another. Thus, a dialogue and a compromise between them will be impossible.

Whether anybody likes it or not, without political structuring of society, which is currently typical of Ukraine, those kinds of schemes lead to dictatorship.

With this regard, I have questions to the drafters and ardent advocates of the Law on Power: Suppose the president represented leftist forces and were seeking powers envisioned by the suggested Law on Power. How would you react?

The answer seems to be clear. It turns out that we are passing a law and making an amendment to the Constitution not for entire society and not to make it function regardless of the existing political spectrum; we are doing this for an individual, to suit his possible actions and parochial interests. Thus, we confirm that we have chosen an autocratic model, at the same time claiming that we are the most democratic state.... This is a strange metamorphosis: Democrats are begging for an "iron hand." This means that they are not democrats and never were.

[Dorosh] How can you explain this particular choice?

[Moroz] There are many circumstances. Who drafted the Law on Power? Those people who failed to satisfy their ambitions during the legislative elections or the forming of the government. Or those who are looking for a way to square political accounts with the parliament's leadership. They failed to do that during the discussion of the presidium's report. They are now looking for another, allegedly legal way.

Political, group, and personal interests of people exercising power temporarily coincided. They used the president's logical desire to possess a mechanism for implementing his intentions. As a result, a somewhat simplified, almost technocratic system of power is emerging.

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However, simplifications in the social system are dangerous because of their extremities. Particularly since the mechanism is going to be used not by the president, but by the drafters of the law. This is the root of the problem. However, we should keep in mind that a law is not a gun hanging on a theater stage. It does not fire only once; it fires every hour, every minute.

The initial version of the law stipulated the procedure for disbanding the parliament rather than the ways for strengthening the executive authority. This provision has not been fully removed.

A legal nonsense, too, still remains in the law — the possibility of two legal entities to use the same right (I mean the right of the two branches of authority to hold referendums). This will inevitably lead to competition, and the temptation to use this right before the other branch does so. What remained in the passed law — the president's right to hold referendums on constitutional issues — means that in principle, the Law on Power itself can be called the Small Constitution and then proposed for a referendum. It is quite possible that the people will vote for it, just as happened in Russia. However, has there been more order in Russia since? Are human rights better protected? Has the economy become stronger? Has the foreign debt decreased?

[Dorosh] If we conceive that the suggested bills on introducing the Law on Power will not be supported by the parliament (and there is a chance that they will not), what is your vision of future developments? What is your attitude toward a constitutional accord which may be signed in the event of a negative outcome of today's voting?

[Moroz] I will start with the latter question. The Supreme Council has no right to pass a constitutional accord. The regulations envision solely laws, resolutions, and statements. There exists the precedent of a declaration. However, a declaration cannot replace the law or the constitution; it can only contain principles of interaction between, and organization of the branches of power. This kind of document is acceptable and I believe that in the event of the Law on Power's enactment we should not disregard the possibility of passing a declaration or signing an accord.

As for passing or rejecting a bill on using the Law on Power. First, we should proceed from the inadmissibility of curtailing the current Constitution by means of a law, in this case — the Law on Power. If one of the sides deliberately violates the Constitution by suggesting the introduction of amendments in an unconstitutional way, that side should bear responsibility for this.

I believe that the bill on introducing the Law on Power by amending the constitution — which we are going to discuss today — is the most acceptable one.

[Dorosh] How categorically do you oppose referendums? The idea of holding a referendum on issues of the state system was recently supported by the legislative Commission for Legal Policies and Judicial and Legal Reform, by former President Kravchuk who has presented you with a letter, by the communist faction, and members of the socialist faction. Is this not a possible way out of the stalemate?

[Moroz] Let me point out first, that it was not the Supreme Council who initiated discussions about a referendum or a plebiscite, although many publications reiterate this opinion. Now about the essence.

I do not categorically oppose referendums and believe it expedient to hold one, however not now, but let us say, in the fall. If we fail to reach accord on certain constitutional norms concerning primarily the state system, then we may return to the idea of a referendum. Incidentally, Leonid Kravchuk's letter to the Supreme Council chairman, in which he suggested the holding of a Ukraine-wide referendum, and which caused a turmoil in the press, received a negative response from the Supreme Council Presidium, which deemed the referendum as untimely. It is interesting that not a single newspaper among those that published Leonid Kravchuk's letter with my resolution, ever mentioned the presidium's stance. Instead, they were looking for "intrigues" initiated by two parliamentary officials [Moroz and Kravchuk]. Meanwhile, I daily sign around 10 deputy motions, and also send them for the presidium's approval, as is envisioned by the regulations.

[Dorosh] Many deem your relationship with the president as oppositional, particularly following your speech delivered on the first anniversary of the parliament's work. What do you think about that?

[Moroz] In my speech, I talked about the actual situation in which the legislature has to work and which is directly related to the Supreme Council's activities. Speaking about deliberate "preparations," commentators overdramatize the situation. We should look at things in a less emotional manner. On the eve of my speech, following the presidium's guidelines I spent the night analyzing the conclusions of our "team's" experts. I was governed by the need to specify emphases regarding the hackneyed cliche about the parliament's "conservatism" and its alleged responsibility for the all-encompassing crisis. We needed an honest conversation.

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Let us be frank — neither the parliament nor the executive authority have anything to brag about. For some reason however, true information — by the way, based on conclusions by international and domestic organizations — is interpreted as a desire to produce a clash between the branches of authority, as confrontation and opposition.

I understand that the president's retinue and perhaps, the president himself, might not have liked this kind of speech. However an unbiased observer could notice that the idea of unifying the efforts of the two branches of authority was promoted throughout the speech, the kind of unification necessary to lift Ukraine out of the crisis. The president and I have differing viewpoints on reform, but this is absolutely normal.

[Dorosh] Many deemed your speech as a political report by the chairman of the Socialist Party political committee, and not by the head of parliament. Do you not think that if you abandoned the chairman's post many accusations would automatically disappear?

[Moroz] Many times I raised the issue of the expediency of my occupation of the [party] post. However, even after I stepped down from my office last summer, the ideological aspect was used in full — the opponents used to call me a communo-socialist and used to blame me for the chaos in the parliament. In accordance with recent changes in the party's regulations, my function of chairman have become symbolic. However, if this issue were to be addressed by the political council or at a congress I would not object, although I would express all the "pro's" and "con's." Time will tell whether the collective body will agree to that.

[Dorosh] You were not seen virtually anywhere during President Clinton's visit to Kiev. Until now, there has been no explanation. What was the reason?

[Moroz] I do not want to go into detail and I do not want to be humiliated by having to explain why Bill Clinton did not visit the parliament. He was probably too busy: He had to lay flowers and jog.

One thing I do know, though: According to the preliminary schedule, he was to have held a meeting with [legislative] faction leaders and the Supreme Council Presidium. U.S. special services conducted a preliminary inspection of the parliament's premises. I suggested that Bill Clinton be given an opportunity to address the lawmakers, because the latter are believed to be a very prestigious audience for every head of state.

I am not very grieved by the fact that things happened as they did. I think that President Clinton will have a chance to realize that he did not use all means to initiate relations with Ukraine's political and administrative structures.

[Dorosh] My next question belongs to a different sphere. Politicians talk more and more often about changing Ukraine's neutral status proclaimed in the Declaration on National Sovereignty. What is your standpoint regarding this issue?

[Moroz] I am ready to repeat the opinion, which I expressed back in 1993 during the parliamentary discussion of the concept of Ukraine's foreign policy. I believed then, and I believe now that Ukraine will not be in NATO. The same as Russia. Speaking about some special partnership, the latter has been determined by the "Partnership for Peace" formula, which makes it very clear — "render unto Caesar what is Caesar's."

In security issues one should proceed from Ukraine's real interests and, even more, possibilities. We have foreign troops on our territory — the Black Sea Fleet with all the accompanying problems. We have a joint Ukrainian-Russian air defense system, because such a system cannot function once divided. We still have joint strategic forces.

I am not saying that under the objective circumstances we should sign a military treaty with Russia. We are not talking about military unions or blocs. However, we should regulate our relations at the legal level. Perhaps, we need a legal basis with NATO, too, if we speak about the interests of Ukraine and those neighboring states, that might become NATO members.

I believe that we should look for such ways to protect our interests in another direction, too, in particular in trying to transform the Black Sea area into a peace zone.

[Dorosh] Traditionally, I have to ask you: What question that I did not ask, would you like to answer?

[Moroz] The question is: Why did you agree to have an interview with KIYEVSKIYE VEDOMOSTI, the paper which quite often and not always fairly criticizes the Supreme Council; which sometimes attacks you?

I am deeply convinced that there is no alternative to the process of democratization in our society. A genuinely independent, professional, and unbiased press is an inseparable attribute of democracy. There is a lot of information in KIYEVSKIYE VEDOMOSTI, many shallow reports. However recently, there have been recurring attempts to conduct serious analyses of social processes. This is valuable; this evokes respect.

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Tsekov: Crimea Seeks Normal Ties With Ukraine

LD3105142395 Moscow INTERFAX in English 1317 GMT 31 May 95

[FBIS Transcribed Text] SIMFEROPOL, May 31 (INTERFAX) — A decision of the Crimean parliament to cancel the constitutional referendum proves its striving for normal relations with Ukraine, Crimean parliament speaker Serhiy Tsekov told correspondents in Simferopol on Wednesday [31 May].

Today, on the proposal of Ukrainian law makers, the parliament cancelled its decision on a referendum concerning the restored validity of the Crimean Constitution of May 6, 1992.

"We would like all problems in relations of Ukraine and the Crimea to be settled in an exclusively legal way. Neither the Crimea nor Ukraine nor other states can be satisfied with the recent Crimean-Ukrainian relations," said Tsekov.

In the opinion of Tsekov, the Ukrainian parliament recognized that its resolution of March 17 was excessive and non-democratic. On that day the Ukrainian parliament cancelled the Crimean Constitution adopted by the Crimean parliament on May 6, 1992, the Crimean Presidency and a number of the Crimean laws.

On May 25, 1995, the Ukrainian parliament offered Crimean law-makers to cancel the referendum and submit to the Ukrainian parliament a new draft Crimean Constitution based on the law "On Division of Powers between Ukrainian and Crimean State Power Bodies."

Cut in Navy's Strength at Sevastopol Denied

LD3105152695 Moscow INTERFAX in English 1201 GMT 31 May 95

[FBIS Transcribed Text] SIMFEROPOL, May 31 (INTERFAX) — On Wednesday [31 May] Vice Admiral Aleksandr Tsubin, commander of the Crimean naval base, described information about reduction of the naval base in Sevastopol which has allegedly been started in the city as pure inventions.

Early this week mass media reported that the strength of the military men in Sevastopol is being cut down and the base can cease its existence by the end of the year. In addition, in accordance with this information, about half of officers and 80 percent of warrant officers have allegedly expressed their wish to serve in the Ukrainian fleet.

Tsubin pointed out that "not a single officer or warrant officer (of the Sevastopol base — INTERFAX) has expressed wish to serve in Ukraine's Navy." Tsubin said that there exists no order on reduction of the base.

"The base will exist until Russian and Ukrainian presidents adopt a political decision on the Black Sea Fleet," he underlined.

Crimean Assembly Cancels Resolution on Constitution

LD3105180995 Moscow INTERFAX in English 1317 GMT 31 May 95

[FBIS Transcribed Text] SIMFEROPOL, May 31 (INTERFAX-UKRAINE) — On Wednesday Crimea's Supreme Soviet adopted a resolution due to the decision of Ukraine's Supreme Soviet On Political-Legal Situation in the Autonomous Republic of Crimea. The resolution foresees "to agree to the proposals of the Ukrainian parliament to cancel the referendum on confirmation of the Constitution of the Republic of Crimea dated May 6, 1992 and to recognize as invalid, those items of the Supreme Soviet of Crimea's resolution on an All- Crimean referendum that refer to this issue."

Crimea's Supreme Soviet Commission on Constitution was instructed to continue working on the Constitution on the basis of Ukraine's decree On Division of Powers between Ukraine's and Crimea's State Power Bodies dated June 30, 1992 and to include provisions for this decree in the draft of the Crimean Constitution.

The Crimean parliament proposed to Ukraine's Supreme Soviet the creation of an authorized inter-parliamentary body to regulate discrepancies on legislation.

As many as 52 of 54 deputies, who participated in the vote, voted for this resolution. Deputies of the Kurultai and Reforms factions and members of the deputies group Krym did not participate in the vote.

The document stresses that if the Ukrainian party takes any discriminating measures with respect to the basic principles of Crimea's new Constitution, Crimea's parliament reserves the right to hold an All-Crimean referendum on the republic's state status.

Crimea's Supreme Soviet also intends to address the OSCE High Commissioner on National Minorities, Max van der Stoel, with a request to stand as guarantor for the protection of Crimean autonomy's rights.

Crimean Parliament Approves Draft Constitution

LD3105184995 Moscow INTERFAX in English 1524 GMT 31 May 95

[FBIS Transcribed Text] SIMFEROPOL, May 31 (INTERFAX-UKRAINE) — The Ukrainian parliament approved the draft of a new constitution on Wednesday [31 May].

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The draft, proposed by the Crimean Parliament Deputy Chairman Vladimir Klychnikov, is based on the constitution of May 6, 1992, and was supplemented with a chapter containing a provision of the Ukrainian law on power-sharing between Ukraine and Crimea.

On the categorical insistence of the Russia-Unity faction, the draft was expanded with a provision on the Crimean president being the head of the executive branch of power in Crimea.

On May 25, the Ukrainian parliament proposed that the Crimean parliament submit to it a new draft constitution based on the Ukrainian law on power-sharing between Ukraine and Crimea. Earlier, on March 17, the Ukrainian parliament had annulled the institution of the presidency in Crimea along with the constitution approved on May 6, 1992.

Addressing deputies, Klychnikov said that Ukraine would not accept the new draft without reservations. In his opinion, talks will be held between Crimea and Ukraine on its basic provisions.

Under the new draft, the Crimean-Tatar, Russian and Ukrainian languages will have the status of state languages and Russian will have the status of the language for official correspondence.

It also gives Sevastopol a special status while qualifying it as an inseparable part of Crimea.

Economic Issues

State Economic, Social Program for 1995 Approved

LD3105200595 Kiev UNIAN in Ukrainian 1250 GMT 31 May 95

[FBIS Translated Text] Kiev—The Cabinet of Ministers of Ukraine on 31 May basically approved the state program of Ukraine's economic and social development for 1995. Its main aim is to conduct a consistent and balanced socioeconomic strategy directed at achieving the country's macroeconomic stabilization.

The key areas of the state program are as follows: reducing the budget deficit, financial and monetary stabilization, overcoming the payments crisis, restructuring the economy, supporting producers to manufacture competitive products, expanding the private sector, setting up a national market, and putting a halt to the lowering of the people's living standards.

In the opinion of Economy Minister Roman Shpek, who made a speech on this subject, there were certain signs of improvement in the socioeconomic situation of the first quarter of 1995. According to him, the decline in output during this quarter was only 12.2 percent, which is a three-fold reduction compared to the first quarter of 1994.

Despite certain signs of improvements (real reduction in the inflation rate and a reduction in the Ukrainian National Bank's discount rate), the economic situation in the first quarter of 1995 is extremely grave. GDP in the stated period fell by 10.6 percent, industrial output fell by 12.1 percent, and industry's labor productivity declined by 4.1 percent.

The Cabinet of Ministers of Ukraine has resolved to finalize by 12 June the state program of Ukraine's economic and social development for 1995 under the personal control of the deputy prime ministers. It will then be presented for the Supreme Council's consideration.

During the discussion, acting Prime Minister Yevhen Marchuk asked to raise the issue of ministers' personal responsibility, whose fault it was that the economy has suffered losses.

Preparations Ordered for Imposing Coal Import Duty

WS0106085095 Lvov INFOBANK in English 0730 GMT 1 Jun 95

[From the "News Service" feature]

[FBIS Transcribed Text] An INFOBANK correspondent has learned that Ukraine's acting Prime Minister Yevhen Marchuk has ordered Minister of the Economy Roman Shpek, Minister of Finance Petro Hermanchuk, Minister of the Coal Industry Viktor Poltavets, Head of Ukraine's State Customs Committee Yuriy Krachenko, and Deputy Minister of Foreign Affairs Ihor Podolyev to prepare a proposal by June 1 regarding the introduction of an import duty on coal coming into Ukraine. By June 5, officials will be required to calculate losses to the national budget from the possible cancellation of the value added tax on coal production and by June 6, to make proposals whereby the foreign economic activities of enterprises and organizations in debt to the coal industry will be halted until all debts have been repaid.

Turnaround in Economy Doubted

954F2344A Kiev MOST in Russian 15-21 May 95 No 19, p 6

[Article by Yuriy Vishnevskyy: "Beginning of Emergence From the Crisis: Wishful Thinking or Reality?"]

[FBIS Translated Text] Over the past two weeks high-ranking members of the executive authority have begun talking of "certain signs that Ukraine is beginning to get out of the protracted economic crisis." "The process

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of stabilization has begun; all that is needed is to make it steady and irreversible," noted Anatoliy Galchinskyy, the president of Ukraine's adviser on macroeconomic issues. "Ukraine already has passed through the most destructive part of the economic crisis involving production decline." In fact, according to the data of the Main Administration for Economic Reform of the Ukrainian Cabinet of Ministers, as compared to the preceding month, industrial output in March increased by 9.7 percent, while in February the increase amounted to 1.2 percent, and in January it fell by 16.7 percent. Although some commentators point out that this data cannot be taken seriously, since it does not take into account the different number of working days in the aforementioned months, a somewhat different point is probably more important in this respect: Speaking at the Supreme Council on 4 April, President Leonid Kuchma very cautiously informed deputies that industrial production in March had increased by "2-3 percent"—and now, after adjusting the indicators, it actually turns out to be as much as 9.7 percent. "Of course, we should not jump to conclusions, but we can speak of the beginning of emergence from the crisis"—these words of A. Galchinskyy should not be treated as the usual put-on if for no other reason than because they simply reflect ordinary human joy at an unexpected result of statistical calculations.

Manipulation of figures is a true art, learned over years of intensive training, and therefore we probably should not accuse innocent amateurs in this business of some evil intention to perpetrate deceit for mercenary purposes, that is, swindling. That we are dealing only with amateurs becomes clear from the following, for instance. On 4 April L. Kuchma informed people's deputies that "while in the first quarter of 1994 the volume of industrial production declined by 44.2 percent, subsequently the volume of industrial production continuously increased: in the second quarter—by 10.5 percent, in the third—by 11.1, and the fourth—by 16.8 percent." Thus, over the last three quarters of 1994 industrial production kept increasing, and at a rather brisk pace: "by 10.5, 11.1, and 16.8 percent;" then in January 1995 it declined by 16.7 percent, and then again increased in each of the next two months—by 1.2 and 9.7 percent. So what is the summary result of the four quarters, of which only one was dismal? In the first quarter of 1995 the volume of industrial production, reports the Main Administration for Economic Reform, declined as compared to the first quarter of 1994 by 12.1 percent. Reports! If it did not report, we could then indeed talk about professionals in their business, but these are just amateurs, who do not pursue any mercenary goals and are simply happy that they can show a "nifty trick" to their friends.

To what extent Ukraine has in fact "already passed through the most destructive part of the economic crisis involving production decline" one can judge by making some quite uncomplicated arithmetic calculations on the basis of the aforementioned and other quite official (let us assume that absolutely official is a synonym for absolute probability) data. The terming on 4 April of the January-March 1994 decline of industrial production by 44.2 percent "seasonal, stemming first and foremost from the fuel and raw material supply to industry, and its insufficient functional readiness for smooth operation during the winter period," L. Kuchma noted: "It is hard not to notice that the rate of seasonal decline in industrial production this year is almost three times lower than last year." If we take January-March 1995, then in fact the 16.7 percent decline in January, the 1.2 percent increase in January, and the 2-3 percent increase in February (according to preliminary data, available to L. Kuchma) in sum produce a 13.2-14.0 percent decline in March, which is three times lower than last year's 44.2 percent; if we replace, however, the "preliminary" 2-3 percent with the "final" 9.7 percent, we get an overall decline of only 7.5 percent in January-March 1995, which is almost six times less than 44.2 percent over January-March 1995. Great? But the peak of decline in the winter of 1994-1995 fell not in February but in January 1995, and therefore it would be more proper to count as a "quarter of decline" not January-March 1995 but December 1994-February 1995. "In December industrial production declined by 7.3 percent," L. Kuchma noted on 4 April 1995; therefore, together with a 16.7 percent decline in January 1995 and a 1.2 percent growth in February, we have a 21.9 percent decline over the aforementioned period. Of course, it is still half as much as last year's 44.2 percent, but since "the cost of each percentage point of such decline is felt increasingly more perceptibly," as L. Kuchma put it on 4 April, albeit on a slightly different subject, we can hardly speak of a major improvement in the situation.

Rather, we should be talking about the principal similarity of the state of the Ukrainian economy this winter and last. Three very important arguments can be made to support this thesis. First, the nonpayments crisis was exacerbated sharply in January-February of this year. According to data of the aforementioned Main Administration for Economic Reform, the volume of accounts payable between Ukrainian enterprises and organizations over this period increased by 46.8 percent, and receivable—by 58.2 percent; the situation with respect to Ukrainian enterprises' and organizations' payment to economic entities in the countries of the former USSR is no better: The volume of accounts payable increased by 77.9 percent, and receivable—by 30.6 percent. A year

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ago we saw a similar phenomenon: In his report to the Supreme Council in October 1994 President L. Kuchma announced that the exacerbation of the nonpayment crisis was "a result of inconsistent policy," with the following verdict: "Such is the price of monetary stabilization that is not accompanied by changes in other spheres of the economic system." That the end of the last and first quarter of this year were a period of precisely such monetary stabilization was acknowledged both by the president himself and his closest confederates. Therefore, if the price of the current monetary stabilization turned out almost the same as last year, does it not constitute evidence that this year, too, monetary stabilization was not accompanied by "changes in other spheres of the economic system," despite all efforts to prove otherwise?

Second, just as a year ago, since the beginning of the year we have seen a considerable decline in the rate of inflation: January—21.1 percent, February—18.1 percent, and March—11.1 percent (data of the Main Administration for Economic Reform), April—7.6 percent, the beginning of May—5.6 percent (data of Viktor Yushchenko, chairman of the National Bank of Ukraine), and middle of May—5 percent (V. Yushchenko's forecast).... In July 1994 the level of inflation dropped to a three-year low—2.1 percent (data from L. Kuchma's October report), and it is quite possible that in July 1995 the same, if not lower, level will be reached. In the first half of 1994 the reining in of inflation, as L. Kuchma emphasized in his October 1994 report, was not "a result of comprehensive, consistent reform," but "occurred because of a postponement of payments out of the budget and the budget's unusually high debt." Is this not the same kind of picture we have this year? In other words, we can speak again of "monetary stabilization that is not accompanied by changes in other spheres of the economic system," which "can only temporarily rein in inflation" because it "necessarily results in a nonpayment crisis, arrears in paying out wages and pensions, and other social costs (all of which is present now), and as a result—in new, higher emission injections" (all quoted phrases are from L. Kuchma's October 1994 report).

Third, this year, similar to last, all three aforementioned phenomena—the sharp production decline with its subsequent rise, considerable exacerbation of the nonpayments crisis, and the inflation rate drop from relatively high to relatively low—are noticeably intercorrelated, actually representing different manifestations of the same process, which both times had not only the same causes but also practically identical beginnings. "As a result, the economy is drawn into a negative spiral: severe curtailment of emission—nonpayments crisis—emission injection— new, and greater, surge of inflation. The events in 1993 developed along this scheme. And the temporary deflationary effect this year also was achieved by the same principle," it was noted in L. Kuchma's October 1994 report. The surge of inflation in 1993 occurred in December, and in 1994—in November (which is why the time frame of the period of decline in industrial production in the winter of 1994-1995 shifted by one month as compared to the winter of 1993-1994); it is not hard to foresee that sometime in October 1995 the same thing will happen. But we were told that winter is the culprit in production decline rather than a surge in inflation, the attentive reader will say. Well, let me recall: At the end of 1992 there was no spasmodic rise in prices—and in the first half of 1993 production declined as compared to the corresponding period of the previous year only by 5.6 percent; at the end of 1993 prices went up—and in the first half of 1994 production declined as compared to the corresponding period of the preceding year by as much as 36 percent (data from L. Kuchma's October 1994 report). How will it go this year? Most likely, the same way as in 1994 rather than 1993.

In fact there is a lot of evidence that the tactic of leading the Ukrainian economy out of the crisis chosen by Yu. Zvyahylskyy was happily adopted by his successors. During his tenure as "acting prime minister" Yukhym Leonidovich managed to avoid hyperinflation, mass strikes, and the need to beg for "additional powers"—in short, everything Leonid Danilovich had not been able to avoid during his tenure as prime minister. But, of course, a talented pupil always tries to outdo his teacher, and we have to acknowledge that L. Kuchma has made substantial changes to Yu. Zvyahylskyy's tactics, which, however, also were necessitated by the different tasks faced by the acting prime minister and the president. The essence of the notion of "acting" is to somehow enable the country to carry on until the next elections and then calmly leave it, having picked up along the way something in the form of material reward for difficult and taxing labor. The president has to "lead" the country for as long as five years, and after that, live in it. In October 1995 L. Kuchma will have nobody to blame except himself, and therefore it is extremely important for him to convert the "negative spiral" of Ukrainian economic development, as he described it, into a somewhat smoother curve. And in fact quite energetic steps are being made in this direction.

Among these steps one can name first and foremost the measures to put a lid on state expenditures and increasing budget revenue. A transition has began from a "socialist" system of paying for housing and municipal services, electric power, and natural gas, to "a capitalist one with strong social protection:" While until recently

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the population paid only a small fraction of the cost of the aforementioned goodies, the result of which was that the more of them a person consumed (that is, the bigger home he had), the more subsidies he received, now the "free-for-all," which mostly benefited the rich rather than the poor, will be gradually replaced by the "absolutely not free for everyone except the very poor." Financial discipline in the country is being persistently reimposed; after the March edicts on the subject, according to A. Galchinskyy, quite a few more either have been signed or will be signed soon: the ban on amendments to the state budget in the current year; on transforming the Ministry of Finance Control and Audit Administration into the Control Chamber under the President of Ukraine; on creating the state "treasury;" on the Tax Code of Ukraine, which is to be drafted by the newly created commission headed by Minister of Finance Petr Germanchuk; on abolishing tax preferences granted to some funds and organizations in keeping with previously issued edicts; and so on.

In addition, unlike Yu. Zvyahylskyy, L. Kuchma has managed to take advantage of equally artificial and temporary stabilization to obtain credits from the West, which is important not only in itself but also in that it sends a signal to capitalists over there regarding the expediency of investing money in the Ukrainian economy. Incentives are being provided not only for Western but also Russian and Ukrainian investment: To this end, in particular, a campaign to create financial-industrial groups has begun; the intention to "liberalize the tax policy," "form an effective financial market," "implement an effective credit policy," and so on has been declared. Finally, as a decisive measure which is intended to mark the beginning of the new times in the national economy, it is envisaged to implement monetary reform within the next few months or perhaps even weeks.

Monetary reform is in fact probably coming soon. But what solution to the crisis it will mark—the desired or the actual—unfortunately so far remains an open question. The danger is not that the leadership may present wishful thinking as reality to the people—this would not be half that bad. If, however, they do so to themselves....

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Belarus

Lukashenka Message Delivered To PRC Leadership

LD3105193995 Moscow ITAR-TASS World Service in Russian 1420 GMT 31 May 95

[By ITAR-TASS correspondent Grigoriy Arslanov and Pavel Spirin]

[FBIS Translated Text] Beijing, 31 May — One of the priorities in Belarusian state policy is developing equal and mutually beneficial political and economic cooperation with China, Vyachaslaw Kuznyatsow, the first Belarusian ambassador to the People's Republic of China, said today.

Kuznyatsow conveyed a personal message from Belarusian president Alyaksandr Lukashenka to the Chinese leadership in which he wished success and prosperity to the great Chinese nation.

The Chinese president thanked Lukashenka for the message and said that "it will be thoroughly studied." Jiang Zemin said China is interested in developing equal cooperation with Belarus and voiced confidence certainty that bilateral ties will be further developed.

'Legal Frame' for Trade Set With Romania

WS3105134495 Minsk Radio Minsk Network in Belarusian 1200 GMT 31 May 95

[FBIS Translated Text] The objective of the visit by an official Belarusian delegation to Romania is the creation of a legal frame for cooperation at all levels. Belarusian Prime Minister Mikhail Chyhir and his Romanian counterpart Nicolae Vacaroiu also stated this during their negotiations in the Victoria Palace in Bucharest. The sides have thoroughly analyzed the [words indistinct] of reform. As Mikhail Chyhir stressed, Romania embarked on this path earlier, therefore, the Belarusian side has an interest in learning Romania's expertise.

When Belarusian Prime Minister Mikhail Chyhir described the economic situation in the Republic, he stated that even though Belarusian enterprises have reduced their output, they are ready to expand their exports. Belarus can export machine-tools, fertilizers, [words indistinct], and refrigerators, while Romania — [words indistinct] and cars.

It is expected that bilateral agreements on mutual protection of [word indistinct] investments and on cooperation in the sector of motor car transportation will be signed during the visit. [sentence indistinct]

Defense Plants To Obtain $2.5 Million Grant

WS0106112195 Minsk Radio Minsk Network in Belarusian 0300 GMT 1 Jun 95

[FBIS Translated Text] The U.S. Fund for Defense Enterprises will grant $2.5 million to each of Belarus' largest enterprises of the former military-industrial complex, such as the Integral and Planar Scientific-Production Associations, whose production is of interest to the fund.

An agreement was reached between the leadership of the fund and the Belarusian Ministry for Foreign Economic Relations.

1995 Economic Performance, Production Detailed

WS3005145695 Minsk ZVYAZDA in Belarusian 26 May 95 p 2

[Report attributed to the State Committee of Statistics: "The Most General Results of the National Economy and Socioeconomic Development Over the Last Four Months"]

[FBIS Translated Text] The volume of GDP produced over the past four months amounts to 25.597 billion rubles [R], and in comparison with the same period of last year, fell by 10 percent.

The volume of industrial output made up 94.4 percent [of GDP]. The biggest drop in volume occurred in the light, machine-building, and metallurgical industries.

Results of the last four months show that the indicators of the fuel, chemical, and petrol industries are better in comparison with last year and simultaneously, higher than in other industries.

Agricultural production over the four months stood at 85 percent in comparison with the corresponding period of last year, while that of consumer goods — at 77.9 percent.

The earning capacity of the national economic sectors stood at 9.9 percent in the January-March period (in 1994 — 12 percent). As of 1 April 1995, around 1,828 of the Republic's enterprises and organizations were classified as nonprofitable, which is 21.4 percent of entities inspected; the sum of losses amounts to R923.5 billion.

As of 1 April, the national debt reached the level of R27 trillion, and credits — 38.5 trillion. The solvency of enterprises and organizations, which is characterized by the availability of funds necessary to clear debts for credits received [kreditorskaya zapazychenasts], stood at 7.6 percent as of 1 April, including in industry — 6 percent, in agriculture — 9.2 percent (as of 1

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January respectively — 11.3; 13.3; 11.9). Nonpayments for energy resources, which increased from R10 trillion (1 January data) up to R13.1 trillion (1 April data), made up 34 percent of the total sum of credits. Outstanding debts of our enterprises to the economic entities of the CIS and Baltic states amounted to R4.5 trillion as of 1 April, against R3.9 trillion as of 1 January. The largest share of debts belonged to Russia (for energy resources).

Funds invested in the economy amounted to R4.7 trillion as of 1 April, and increased by 43.4 percent over the first three months of 1995. Foreign trade turnover for the January-April period made up 17.6 trillion Belarusian rubles ($1.6 billion).

Foreign trade has a positive balance of R22.5 billion ($56.1 million), while trade with CIS countries has a negative balance of R1.4953 trillion or $118.6 million.

Consumer prices for goods sold and services rendered increased in April by 14.5 percent (in March by 20 percent; in February by 33.7 percent; in January by 39.2 percent), people's incomes increased by 21 percent. **Actual incomes (incomes correlated to the index of consumer product prices) increased by 6 percent in April, in comparison with the preceding month.** However, in comparison with December 1994 it fell by 29 percent. The cost of the set of 19 basic foodstuffs in Minsk amounted to R320,000 (the average salary in April was 653,900).

Value of goods sold and services rendered within the January- April period fell by 28 percent in comparison with the corresponding period of 1994.

Some 3,800 apartments with a total area of 285,000 square meters — which is 75 percent of the level of the same four months of 1994 — have been built by enterprises and organizations of all forms of ownership, as well as by individuals between January and April.

The number of officially registered unemployed people comprised 2.3 percent of the able-bodied population.

Moldova

Lucinschi Summarizes U.S. Visit Activities

AU3105121595 Chisinau INFOTAG in English 1930 GMT 30 May 95

[FBIS Transcribed Text] Chisinau INFOTAG, 30/5/1995 — The United States supports completely the independence and statehood of the Republic of Moldova, Parliament Chairman Petru Lucinschi said in Chisinau today, summing up the results of his one-week-long trip to the United States. He said to journalists that "the Moldovan parliamentary delegation was convinced of the U.S. serious intentions concerning cooperation with Moldova," and that Moldova is not going to be used as "a playing card," as some editions in Chisinau claim.

"The American leadership know Moldova, and they support our position aimed at conducting reforms and solving all problems by using exceptionally peaceful means," Lucinschi stressed.

The Moldovan delegation met with senators, State Department and World Bank officials, paid visits to various foundations and the National Press Club. They familiarized themselves with legislative activities and inter-relations between various political branches, and visited Arkansas state.

Petru Lucinschi believes that some examples of the U.S. experience are quite good to be utilized in Moldova. One of the examples is the art of being economical in everything, and the skill of elaborating concrete projects and business-plans for foreign investment, the programme of developing small enterprises, strict state-run control over various economic fields.

He stressed the necessity of Moldova's presence in various international organizations and participation in international projects.

Answering a question about their travelling expenses, the chairman of the parliamentary Foreign Policy Committee Dumitru Diacov said they were minimal. He named as "primitive" the speculations of some local media on the issue.

"That's right, we need to be economical, but one should realize that in some cases money-saving may lead to greater losses. Being a young independent state, Moldova has to conduct an active foreign policy to be firmly established at the international arena," Diacov stressed.

Lucinschi said that the United States manifests deep understanding towards Moldova's seeking to establish cooperation with Iran, in spite of the U.S.-imposed embargo, because the young republic has to have some alternatives of importing energy.

In another order of ideas, Petru Lucinschi expressed regret about the approach shown by the Russian State Duma to the 14th Army withdrawal problem.

"No tragedy should be made out of this. There will be a second reading, and there is still the Council of the Federation, and the Russian President. Let us hope that the signed withdrawal treaty will be observed by Russia," Lucinschi said at today's press conference.

"A possible resignation of Aleksandr Lebed [commander of the 14th Army] will inevitably cause negative consequences, for Lebed is really a figure in the Army.

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But, nothing fatal should happen after his departure. Nobody is interested in plundering the weapons, including Europe."

Bobuta, Iranian Delegation Discuss Trade, Oil

AU3105115395 Chisinau INFOTAG in English 1930 GMT 30 May 95

[FBIS Transcribed Text] Chisinau INFOTAG, 30/5/1995 — The high-ranked Iranian delegation headed by the vice president and chairman of the Cabinet of Ministers, Dr. Hasan Habibi, today continued their visit to Moldova.

The guests visited the joint-stock company of Moldova-Hydro-Mash, the Scientific-Research Institutes of Biological Plant Protection, had bilateral meetings with members of the Moldovan Government.

On Tuesday night, a meeting between the Moldovan and Iranian governmental delegations took place in Chisinau.

Moldovan Economy Minister Valeriu Bobutac, who heads the state commission for promoting the Moldovan-Iranian cooperation, said to journalists that the sides are discussing various aspects of cooperation between the two nations. They imply mutual and beneficial contacts in the fields of culture, science, education, trade, and setting up joint ventures.

According to Bobutac, nine Moldovan-Iranian documents are being prepared at present, which will complement the already operating agreements signed in 1994 during the visit of a Moldovan governmental delegation to Teheran. During the current visit, the sides are planning to discuss the fulfillment of these agreements.

Moldova is particularly interested in obtaining Iranian crude oil. The government is currently in negotiations concerning oil refining in Greece and Romania. However, the Iranian side has not yet determined the list of Moldova-made goods to be supplied to Iran in exchange.

Snegur Receives Iranian Delegation

AU0106111095 Chisinau INFOTAG in English 1930 GMT 31 May 95

[FBIS Transcribed Text] Chisinau INFOTAG, 31/5/1995 — The signing of a thick package of Moldovan-Iranian documents marked the end of the three-day visit of the Iranian governmental delegation headed by the vice president of the Islamic Republic of Iran, head of its Government Dr. Hassan Ebrahim Habibi.

Ministers and other high-ranked governmental officials of the two countries signed the agreements on cooperation in agriculture, international transport, customs activities, in protection and promotion of investment, in industry and civil aviation.

They signed also the memoranda on cooperation of the Moldovan and Iranian central banks, on scientific and cultural cooperation, the convention on avoidance of double taxation, and some other documents.

Receiving the Iranian delegation, Moldovan President Mircea Snegur has highly appreciated the new signed documents, having pointed out as a very positive factor that Moldova and Iran had already signed over 20 important documents on cooperation in various fields.

Mircea Snegur stated Moldova's readiness to establish mutually beneficial cooperation with all states which seek for peace and democracy in their external policy.

Dr. Habibi has pointed out that Iran also seeks to establish such contacts with all countries, including with new independent states of the former Soviet Union.

Agreements Signed; Visit Ends

LD3105122195 Moscow ITAR-TASS in English 1159 GMT 31 May 95

[By Valeriy Demidetskiy]

[FBIS Transcribed Text] CHISINAU May 31 (ITAR-TASS) — An Iranian delegation lead by First Vice-President Hasan Habibi ended on Wednesday [31 May] its three-day visit to Moldova with signing 10 agreements on cooperation in various spheres.

Moldovan Economics Minister Valeriu Bobutac said that the signed documents signify "a qualitatively new stage in Moldovan-Iranian relations". Chisinau intends to import engines for mini-tractors from Iran.

Talks are in progress to purchase oil in Iran in quantities covering a shortage which formed as a result of import cuts by countries of the Commonwealth of Independent States. Moldova will supply Iran with foodstuffs, tractors and hydraulic pumps.

Snegur Expresses Concern Over 14th Army Weapons

AU0106110795 Chisinau INFOTAG in English 1930 GMT 31 May 95

[FBIS Transcribed Text] Chisinau INFOTAG, 1/6/1995 — Moldovan President has stated that the 14th Army withdrawal problem will be discussed at the Moldovan-Russian summit scheduled for late June. He gave an interview to a group of Bulgarian journalists today, which outlined his attitude to the Russian state Duma's moratorium on the Army withdrawal from Moldova.

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Answering Bulgarian television and a news agency, he stressed that Lebed's [Lieutenant General Aleksandr Lebed, commander of the Russian 14th Army deployed in Dniester] resignation shall be decided upon as stipulated by the Russian legislation — by the commander-in-chief of the Russia's Armed Forces.

"In case Lebed's application is approved, Moldova will be requesting nomination of such a new army commander who will not allow for falling the enormous stock of weapons into the wrong hands," Snegur stressed.

In that context, he pointed out that the Dniester settlement depends not on army commander but on the results of the talks with Tiraspol leaders, and on whether or not they will show their good will.

The president confirmed that the next meeting with the [Dniester] leaders will be held on June 7, and they will be offered to consider a new variant of the law on the region's special status drafted on the basis of the Organization on Security and Cooperation (OSCE) Mission recommendations.

Snegur: Lebed's Resignation for Yeltsin To Decide

LD3105221395 Moscow INTERFAX in English 1942 GMT 31 May 95

[FBIS Transcribed Text] CHISINAU, May 31 (INTERFAX) — Moldovan President Mircea Snegur says that it is up to Russia's supreme commander in chief, the president, to decide whether to accept the resignation of Lieutenant General Aleksandr Lebed from his post of commander of the Russian 14th Army.

Snegur added that if Lebed's resignation is accepted, "we will suggest that the army be commanded by an able officer who will not tolerate the looting of the army's large arsenal by destructive forces."

According to Snegur, solution of the Transdniester problem depends on the dialog with the Tiraspol leaders and their intelligence rather than on the commander of the army.

Snegur said that when they meet with Tiraspol leaders on June 7, the Moldovan negotiators will suggest discussing a bill on the special legal status of the region built around the advice made by the OSCE permanent mission in Moldova.

Snegur said that the problems arising from the Russian State Duma moratorium on withdrawal of the 14th Army will be resolved at the Moldovan-Russian summit scheduled for the end of June.

Radical Patriotic Bloc Wins Majority in Dniester

AU3105120195 Chisinau INFOTAG in English 1930 GMT 30 May 95

[FBIS Transcribed Text] Chisinau INFOTAG, 30/5/1995 — The radical Bloc of Patriotic Forces has won a majority in Dniester power bodies, according to the final results of the local elections that took place in the region on March 26, with repeated voting organized subsequently in some localities, the latest one held on May 28.

The Dniester Central Election Commission has reported that the above-mentioned radical forces have won particularly many seats in towns, including Bender and Tiraspol.

The leader of the Tiraspol radicals, known as the chief ideologist of the self-styled Dniester republic, professor Vasiliy Yakovlev, was elected to the Tiraspol city council last Sunday, having defeated his main political opponent from the centrist bloc "For Accord and Stability." And though only 823 out of 2,142 voters came to the polling station in this electoral district, the repeated voting there was declared valid, because the local legislation allows for only 25 percent attendance for the validity.

Vasiliy Yakovlev became the 45th deputy of the Bloc of Patriotic Forces in the municipality. The remaining 19 seats were won by moderate forces, including the Bloc "For Accord and Stability" and the bloc called "Position." However, the latter two will have practically no chances to influence decision-taking.

It is noteworthy that in seven Dniester localities the elections were declared null and void even after 4 rounds of voting. The main reason is passiveness and indifference of the electorate. In this connection, the Central Election Commission is suggesting to organize one more local election in these localities in October-November, when election of the Dniester Parliament will be held.

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Kazakhstan

Nazarbayev Issues Statement on Destruction of Nuclear Device

LD3105201595 Moscow INTERFAX in English 1944 GMT 31 May 95

[FBIS Transcribed Text] ALMATY, May 31 (INTERFAX) - Kazakhstan destroyed its last nuclear warhead with a conventional explosive device on the former proving ground in Semipalatinsk Wednesday.

The charge was placed in pit N0. 108 by the former Soviet Defense Ministry as far back as in 1991, but it was never blown up because Kazakhstan closed down the testing ground in August 1991.

Kazakh President Nursultan Nazarbayev issued a statement on the occasion stressing that "the final point has been put in Kazakhstan's nuclear biography, and from now on the Kazakh do not have to be afraid of the nuclear genie."

Kazakhstan closed down its nuclear testing site in Semipalatinsk and joined the non-proliferation treaty in 1993. The last nuclear warhead was withdrawn from Kazakhstan in late April.

Destruction of Nuclear Device Detailed

LD3105153895 Moscow ITAR-TASS in English 1523 GMT 31 May 95

[FBIS Transcribed Text] MOSCOW, May 31 (ITAR-TASS) - The Russian Ministry of Nuclear Power Engineering confirmed that Russia exploded a nuclear device on Wednesday.

The Ministry press service told ITAR-TASS that the explosion occurred at 13:16 Almaty time at the Semipalatinsk testing range in Kazakhstan.

The explosion went off smoothly and no changes in the level of radiation at the site of explosion were detected within two hours of the blast.

The last Soviet A-bomb was kept in a silo at the Semipalatinsk testing range for four years, a reliable source told ITAR-TASS today.

The source stressed that the blast was not an atomic one and was designed to destroy the charge without doing any harm to people or the environment.

Back in May 1991, the bomb was brought to the testing range for a series of tests to study the effect of X-rays on various devices and military equipment.

The yield of the bomb with a plutonium charge of one kilogram was estimated at 0.3 kilotonnes.

After the disintegration of the Soviet Union, the Semipalatinsk range became the property of Kazakhstan which voiced strong protest against the explosion. The Semipalatinsk-Nevada anti-nuke movement also played an active role in preventing it.

All this time the bomb was kept underground. After a risky and complicated examination Russian and Kazakh specialists said it would be dangerous to keep it in storage longer and suggested destroying the bomb.

In 1991 the former Soviet Union — and then Russia — declared a unilateral moratorium on nuclear testing. But Russian nuclear physicists assert that politicians overestimated the significance of the moratorium as a means of strengthening nuclear non-proliferation.

They argue that nuclear tests helped not only create new bombs, but also ensure the safety of the existing nuclear arsenals, while the moratorium limited them exclusively to theoretical research.

Nazarbayev Has 'Key Role' in Tajik Talks

LD3005172295 Moscow INTERFAX in English 1704 GMT 30 May 95

[From the "Diplomatic Panorama" feature]

[FBIS Transcribed Text] ALMATY, May 30 (INTERFAX) - The fourth round of Inter-Tajik talks in Almaty is entering the conclusive stage and President Nursultan Nazarbayev of Kazakhstan will play the key role at this point, Ramiro Piris Balon, U.N. special envoy for an inter-Tajik settlement, told journalists on Tuesday after his talks with Nazarbayev.

In Balon's opinion, a friendly piece of advice from the Kazakh leader could secure favorable, tangible results at the Almaty talks.

At the same time, he warned against expecting too much from the fourth round since this is the first time that the serious problems of a political settlement in Tajikistan and its constitutional structure were being discussed between the Tajik sides so comprehensively.

He believes that the Almaty round would be a major step toward a settlement and complete national reconciliation in Tajikistan.

Nazarbayev stressed that events in Tajikistan, near the borders of Central Asian states, "where the blood of their Tajik brothers is being shed" were serious for Kazakhstan and the whole region.

Nazarbayev emphasized that as the leader of the observer country at the Almaty talks, he would spare no effort to achieve "the Tajiks coming to terms, stopping their bloodshed, and restoring peace."

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Nazarbayev announced that he would meet with the delegations of the Tajik government and the opposition tomorrow.

Urges Opposition Role in Tajik Assembly

LD3105200295 Moscow INTERFAX in English 1549 GMT 31 May 95

[From the "Diplomatic Panorama" feature by our diplomatic correspondents Aleksandr Korzun, Igor Porshnev, Yevgeniy Terekhov, and others]

[FBIS Transcribed Text] ALMATY, May 31 (INTERFAX) — Kazakh President Nursultan Nazarbayev said he believed that a congress or an assembly of the country's peoples must be created in Tajikistan.

He said at a meeting with the Tajik government delegation headed by the Tajik deputy prime minister today that he had had a phone talk with Tajik President Emomali Rakhmanov on May 30 and 31. Nazarbayev said he had proposed to Rakhmanov that a commission with the participation of the opposition be created for working out proposals on the joint national assembly which Tajikistan should organize following the example of the Assembly of the Republic's Peoples in Kazakhstan. Nazarbayev said this could be either an assembly or a congress of the Tajik peoples which must involve the opposition's representatives.

He urged the Tajik delegations to agree on long-lasting peace during their talks. Nazarbayev said bloodshed on the Tajik-Afghan border must be ended.

He said Kazakhstan was grieving over the deaths of its border guards. Nazarbayev said Kazakhstan could remain indifferent while some forces were trying "to move extremism from Afghanistan to the CIS through Tajikistan."

Nazarbayev said the UN Security Council must be asked to ensure full-scale presence of the UN forces in Tajikistan. He said he believed that this would help refugees to return home.

Comments on Inter-Tajik Peace Talks

LD3105194295 Moscow ITAR-TASS in English 1602 GMT 31 May 95

[By Vladimir Akimov and Amangeldy Akhmetalimov]

[FBIS Transcribed Text] ALMATY, May 31 (ITAR-TASS) — President Nursultan Nazarbayev of Kazakhstan believes that the intra-Tajik armistice must be permanent.

Commenting on the results of the first stage of the fourth round of talks on the peaceful settlement in Tajikistan, he noted that yet another important step to the rapprochement of the contracting parties' positions had been made in Almaty, and a dialogue continued at last in a constructive course. Thanks to this, agreements were reached on the prolongation of the term of armistice for another three months and the exchange of prisoners-of-war.

Today, the President of Kazakhstan had separate and joint meetings with participants in the negotiations. After the end of these meetings the Kazakh leader, the heads of the sides' delegations — First Tajik Vice-Premier Minister Makhmadsaid Ubaydulloyev and First Deputy of the Islamic revival movement Khodzhi Akbar Turadzhonzoda — met with journalists.

The participants in the talks said they "decided to build relations in the future on the basis of measures of mutual confidence." To this end, a joint commission is being set up to study proposals of the sides.

During the dialogue an agreement was concluded on the exchange of prisoners-of-war and on the creation of conditions for the return of Tajik refugees from Afghanistan.

The government's side undertook to register officially all parties acting in Tajikistan, as well as "ensure the freedom of the press" in the republic.

The participants in the talks stressed the great personal contribution of President Nazarbayev to the achievement of mutual understanding between the sides concerned.

UN Envoy on Results of Tajik Talks in Almaty

LD3105214695 Almaty Kazakh Radio First Program Network in Russian 1400 GMT 31 May 95

[FBIS Translated Text] Ramiro Piriz-Ballon, special envoy of the UN secretary general, has acted as an intermediary in the inter-Tajik negotiations. The following is what he said at a news conference today:

[Begin Piriz-Ballon recording, in English with superimposed translation into Russian] The talks between President Nazarbayev and the two sides were very important. As a result of these, certain agreements were reached on matters which, until recently, it was impossible to reach an agreement. I plan to hold a private working meeting with the sides tonight or tomorrow morning in order to get them to confirm agreements reached during the meeting with President Nazarbayev. Certain confidence-building measures were broached, as were certain auxiliary measures. I cannot speak about these points of contact now because, first, they have not been officially confirmed by the sides, and second, after the talks with President Nazarbayev it is possible that certain changes

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might be made to these agreements. I am confident that if both sides confirm the agreements they reached here and if the cease-fire agreement is extended further, the Security Council and the UN secretary general are likely to give support.

World Bank Grants $41.1 Million Loan for Social Protection

LD0106083695 Moscow ITAR-TASS in English 0443 GMT 1 Jun 95

[By Andrey Loshchilin]

[FBIS Transcribed Text] WASHINGTON June 1 (ITAR-TASS) — The World Bank on Wednesday announced the allocation of a loan of 41.1 million U.S. dollars to Kazakhstan for a project to develop the system for the social protection of the population.

The project envisages the funding of unemployment benefits, the strengthening of the employment service and the "rationalisation" of local healthcare and primary education institutions.

The loan has been granted for a term of 17 years with exemption from repayment within the first five years.

Earlier, Kazakhstan, which joined the World Bank in July 1992 , had received five World Bank credits amounting to an aggregate of 335.7 million USD.

Caspian Geopolitics, Legal Status Examined

954F2385A Almaty BIZNES KLUB in Russian 22 May 95 p 15

[Interview with Professor Tlemis Mustafin, doctor of historic sciences, by Lyudmila Buzova; place and date not given: "The Caspian—a Sea of Problems"]

[FBIS Translated Text] On 15-16 May, an international conference of scientists and practitioners, "The Legal Status of the Caspian Sea," was held in Almaty.

The initiators and organizers of this forum were the Republic of Kazakhstan [RK] Ministry of Foreign Affairs, the Kazakhstani Institute for Strategic Research under the RK President, the Institute of Political and International Research of the Islamic Republic of Iran, and the Russian Center for Strategic and International Research.

In its oil and gas reserves, the Caspian Sea basin is comparable to the Persian Gulf region. For the countries surrounding the Caspian, its riches are of strategic importance for economic and social development. But their development requires a proper legal base.

Experts from the five Caspian Sea countries made a first attempt to find common points in order to make the Caspian Sea a sea of friendship and cooperation. The Caspian problem is a multifaceted, but first and foremost a geopolitical one, and its resolution should be left to scholars and politicians, diplomats and political science specialists.

On the first day of the conference, BIZNES KLUB asked Professor Tlemis Mustafin, doctor of historic sciences, chief of the political science department of the Imeni Al-Farabi Kazakh State University, to share his opinion on the subject.

[Buzova] Tlemis Tleugobylovich, in your opinion, of the questions being discussed at the conference, which is the most critical and contentious?

[Mustafin] I think the difficult part is that, based on international norms, we have to define on the international level whether the Caspian Sea a sea or a lake.

Certain legal provisions regarding the utilization of natural riches of this body of water will depend on which notion is accepted.

[Buzova] Who is currently dealing with this issue? It has not exactly been a popularly discussed item.

[Mustafin] Nobody currently is dealing with this question, but with respect to seas, there are certain norms as to their utilization. Of course, there should be a free zone there, because a sea is used from all sides, and only the coastal borders are set with respect to jurisdiction of a particular state. The main body should be free for joint utilization and joint responsibility.

If we are dealing with a lake, however, these provisions do not apply, and a completely different approach is used.

It is with respect to a lake that new provisions for the utilization of the Caspian need to be worked out.

[Buzova] This is an unexpected turn—from a sea to a lake. We are used to reading on the map: "The Caspian Sea," and it never caused any questions except that perhaps geographers had their own view on terminology.

[Mustafin] This problem does exist today. But I think it will be resolved, because it produces a great many problems, misunderstandings, and uncertainties, especially with respect to exploitation of coastal zones, oil-containing areas. These are enormous riches! If the Caspian is recognized as being a lake, then it can be divided into parts like a pie, and that will be that. Such a decision could complicate the situation terribly if, for instance, there is no accord between the five Caspian states.

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[Buzova] In your opinion, will the conference be able to produce some recommendations in this respect?

[Mustafin] As you may have noticed, Mr. Gizzatov, deputy minister of foreign affairs of Kazakhstan, emphasized in his speech precisely this—the need to work out at this forum a statute on the utilization of the Caspian Sea. I think that the articles of the convention signed back in 1984 are insufficiently precise for us to shake hands now—everything is OK, everything in order and clear— and go home.

Most likely this conference will lay a preliminary scientific foundation for this issue. I think that in the future everybody will come to a common agreement.

[Buzova] Tlemis Tleugobylovich, which decision would be in Kazakhstan's interests?

[Mustafin] In my opinion, it is in Kazakhstan's interests to see the Caspian treated as a sea. Because Kazakhstan needs gates to international ports, and the Caspian should not be locked up, should not cut off but rather connect our country with the world, with other sea states.

The Caspian Sea will immediately give us a gate to the Mediterranean and Baltic Seas. This will increase Kazakhstan's wealth through ties with other states. It would be to Kazakhstan's benefit to attach to the Caspian a notion of a sea.

[Buzova] And what would be to the benefit of Russia?

[Mustafin] It is hard to tell, but taking into account that the oil reserves on the Russian segment of the Caspian are relatively small, while if the definition of a sea is accepted, the rivers connecting it to other seas will become open to general passage and with it Iran, for instance, will get free passage through the Volga- Don Canal directly to the Mediterranean and through canals to the Baltic and the White seas, in this situation it is not to Russia's benefit to treat the Caspian as a sea.

[Buzova] All five states will have to somehow deal with the questions of the Caspian ecology. It will be easier to deal with it if it is indeed defined as a sea. What do you think on this subject?

[Mustafin] It is undoubtedly so. The preservation of the Caspian sea, environmental protection, are big issues which are not that far removed. We have to start working on it now.

Look what happened to the Aral Sea. It is essentially already written off. In my opinion, two things could have played a disastrous role in its fate. First, the situational circumstance: Let us produce as much cotton as possible! And despite the fact that the Syrdarya and Amudarya flow into the Aral Sea, we drew certain quantities of water for cotton fields irrigation. This is a situational point. Nobody gave a thought to the fact that because of the momentary gain we were losing the Aral. We disposed of the Aral as our own property—in the Soviet Union all decisions were made at the center.

We have no right to repeat the Aral mistake in the case of the Caspian—this is a very dangerous experiment. The Caspian is a huge body of water, and any liberties in handling it may result in tipping the ecological balance.

It is not all that difficult to ruin a sea in this sort of mercenary utilization.

[Buzova] You said earlier that a sea connects. What did you mean?

[Mustafin] The states that have something to do with the Caspian must cooperate in resolving the sea's problems—it is their duty. We should not only discuss how many oil rigs we will build there, how much oil we will extract, and so on. We should talk about preserving and multiplying its riches. With this kind of approach, the sea can provide for the people for many, many years ahead.

[Buzova] But economic interests frequently clash with humanitarian ones, especially in this instance, when interests of states of completely different political orientation—such as Iran, Russia, and Kazakhstan—are involved.

[Mustafin] The political situation and the system of any of these states may exert any sort of influence on such a fragile state of this issue. There should be a balanced approach and respect between these countries. Domestic stability and development of democracy in the Caspian countries, accord between them are a must and a promise of common prosperity.

Much depends on politicians and diplomats. There are some among them who dream of restoring the old Union, but in my opinion, this is looking back, into the past.

Nobody will go back there, and it is not needed. Today's realities and prospects for the future are in restoring economic ties on a new basis, making it a truly economic cooperation between free independent states not subordinate to one another and not in dependent on one another. This is the foundation on which states can develop. Moreover, old economic ties should be returned to normal without any conditions or obstacles, because this is a natural state. And then nobody will be leaving if life is good for the people both here and there. We need to build good life for the people in all countries.

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Things are getting better in Russia, and we benefit from it. Independent Kazakhstan becomes stronger with each passing day, and our neighbors need our stability. Instead of enmity, the competition revolve around which government can manage to make life better for the people. And when you think about the Caspian, you come to the same conclusion—we need to develop mutual cooperation.

36,000 Sources of Radioactivity Discovered in Almaty

LD0106120095 Moscow ITAR-TASS in English 1101 GMT 1 Jun 95

[By Inna Savitskaya]

[FBIS Transcribed Text] ALMATY, June 1 (ITAR-TASS) — 36,000 sources of radioactivity with a total emission yield exceeding 10,000 curies have been discovered on the premises of 136 organizations and enterprises of the Kazakh capital of Almaty, city Prosecutor responsible for environment protection Ivan Kirinkin said here Thursday.

Radioactive devices and other sources of radioactivity which are no longer in use are either dumped together with industrial waste or kept on the premises of the enterprises, Kirinkin said.

Moreover, there is no strict control over radioactivity sources in Kazakhstan. The republic also lacks radioactive waste dumps, according to Kirinkin. As for the waste burial site belonging to the Nuclear Physics Research Institute, it is overcrammed, he said.

According to Kirinkin, over four tons of waste with a total ammount of radioactivity of 7.5 thousand curies have to be buried at present.

The Prosecutor's office submitted a note to the Almaty administration chief on violations of radioactivity legislation.

Kirinkin considers it necessary to conduct similar examinations in practically all regions of Kazakhstan littered with radioactive waste, to eliminate a possible threat to people and environment.

Tajikistan

Tajik Cease-Fire Extended, POW Exchange Agreed

LD3105123695 Moscow ITAR-TASS in English 1211 GMT 31 May 95

[By Vladimir Akimov]

[FBIS Transcribed Text] Almaty, May 31 (ITAR-TASS) — The Tajik government officials and the opposition agreed Wednesday [31 May] to extend the ceasefire for another three months and to exhange POWs.

They also agreed at peace talks which ended Wednesday to hold the next round of negotiations on June 25 in the Kazakh capital of Almaty.

The Tajik government pledged to officially register opposition parties in the republic and to ensure the freedom of the press.

The agreement was to a big extent brokered by Kazakh President Nursultan Nazarbayev who held separate meetings with the delegations headed by Tajik First Deputy Premier Mahmadsaid Ubaydullayev and deputy leader of the Islamic Revival Movement of Tajikistan Hodzhi Akbar Turadzhonzoda.

The parties pledged after the talks that they had "decided to build future relations on the basis of mutual trust measures". A bilateral commission would be set up to study the proposals of the parties.

The government and the opposition also agreed to exchange POWs and to create conditions for the return of Tajik refugees from Afghanistan.

The participants in the talks stressed the big personal contribution of Nazarbayev in helping them reach an understanding.

Inter-Tajik Talks To Continue in Almaty 25 Jul

LD3105184195 Moscow INTERFAX in English 1524 GMT 31 May 95

[FBIS Transcribed Text] Almaty, May 31 (INTERFAX) — The fourth round of inter-Tajik talks will continue in Almaty on July 25, the Kazakh President Nursultan Nazarbayev told a news conference on Wednesday.

He said that on June 1 delegates from the Tajik government and the opposition will finish the first phase of negotiations and take a break.

President Nazarbayev said that at the request of the chief Tajik opposition negotiator Akbar Turadzhonzoda he had agreed with the Tajik president Emomali Rakhmanov that Dushanbe would not execute the death sentences passed on opposition supporters kept in Tajik jails.

Turadzhonzoda told a news conference that with Nazarbayev's mediation the Opposition and Dushanbe had managed to agree on forming in future a joint commission that would work on proposals and make amendments to the constitution, which would be later discussed at the congress of peoples of Tajikistan.

However, Turadzhonzoda said that the functions of a future people's congress had not been determined yet and specific proposals on that score would be formulated at the second phase of the talks in Almaty.

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The chief of a Tajik government delegation Makhmadsaid Ubaydulloyev has said that a future joint commission and all other decisions must agree with the constitution.

Tajik governmental and opposition delegates are expected to make a joint statement on June 1 on a number of achieved agreements.

Rakhmanov Welcomes Arms Industry Cooperation

LD3105144695 Moscow INTERFAX in English 1201 GMT 31 May 95

[FBIS Transcribed Text] Dushanbe, May 31 (INTERFAX) — Resumption of Tajik-Russian cooperation in the production of modern arms will serve the interests of both states, Tajikistan's President Emomali Rakhmanov declared during his meeting with head of the main department of Russia's State Committee on Defense Industry Leonid Astashenkov in Dushanbe Tuesday.

A source in the administration of the Tajik president reported to INTERFAX Wednesday that Rakhmanov approved the intention "to involve" military factories in Dushanbe and in the Leninabad region (the republic's north) in such cooperation in the near future. At present these enterprises are hardly manufacturing at all due to a lack of orders, raw materials and shortage of specialists.

The source explained that the aim of this cooperation is to meet Tajikistan's requirements in all kinds of modern arms which are necessary to the sovereign state for defense and security. However, the source said nothing about volume of production planned or about the kinds of arms involved.

In an interview with Interfax Tajikistan's Vice Prime Minister Holisjon Temurjonov reported that on May 30 in Dushanbe, Russian and Tajik officials signed a protocol on a mutually beneficial cooperation with the enterprises of the republic's defense industry.

On Wednesday morning representatives of Russia's State Committee on Defense Industry flew to Khudzhand (an administrative center in the Leninabad region) to familiarize themselves with these factories.

Increased Levels of Draft-Dodging in Some Regions

LD3105122595 Dushanbe Radio Tajikistan Network in Tajik 0800 GMT 31 May 95

[FBIS Translated Excerpt] The call-up of young people for the Tajik Republic's Armed Forces and for the Russian border troops units stationed on the country's territory is continuing.

A KHOVAR news agency correspondent was told at the military commissariat [recruitment office] of the republic that just over 40 percent of the target for the call-up has been met so far. This is less than in previous periods.

The main reason for this is that the military commissariats are not receiving basic assistance from local government or the law enforcement agencies. Young people are refusing to carry out their constitutional duty and are failing to turn up at recruiting centers when so instructed.

This sort of thing is to be observed in districts of Khudzhand region. Work is not being carried out as it should be in Dushanbe, Tursunzoda, Hissar, or districts in the Kulyab area of Khoatlon region. [passage omitted]

It should be mentioned in this context that this matter is being handled with all due responsibility in the Kofarnihon, Lenin, and Frunze districts and in the Kurgan-Tyube area of Khoatlon region.

Turkmenistan

Country Ready To Act as Peacemaking Center

LD3105205495 Moscow ITAR-TASS in English 1629 GMT 31 May 95

[By Grigoriy Arslanov and Pavel Spirin]

[FBIS Transcribed Text] Beijing, May 31 (ITAR-TASS) — Turkmenistan is ready to act as a peace-keeping centre in the region in the spirit of positive neutrality and if given corresponding international guarantees, be considered a neutral state, Amangeldiy Rakhmanov, First Ambassador of Turkmenistan to China, said here today presenting his credentials to Chairman Jiang Zemin at the House of people's meetings.

The Chairman of the People's Republic of China said "Turkmenistan with which China is linked with historical and traditional ties of friendship, is situated far from Beijing but close to Western borders of China."

China, he added, notes with satisfaction the stability of the social and political situation in Turkmenistan. He particularly stressed that Xinjiang Uygur autonomous region of China directly neighbored on the Central Asian states, therefore the stable internal political situation in these countries had great importance for Beijing.

Diplomatic relations between the two countries were established in January 1992. The president of Turkmenistan visited the People's Republic of China in November 1992.

In April 1994 Li Peng, Premier of the State Council of China, visited Ashgabat.

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Details, Potential of Slovak-Turkmen Cooperation

LD2005162495 Ashgabat TURKMEN PRESS in Russian 1300 GMT 19 May 95

[FBIS Translated Excerpt] A government delegation from the Slovak Republic, led by Sergej Kozlik, deputy prime minister and finance minister, visited Turkmenistan on 14-16 May. [passage omitted]

As a result of the talks, three intergovernmental agreements have been initiated — on avoidance of dual taxation, air links, and visa-free travel for those with diplomatic and service passports — Sergej Kozlik told a TURKMEN PRESS correspondent. They will be signed at the top level in September during the upcoming official visit of Slovak Prime Minister Vladimir Meciar to Turkmenistan.

All proposals that have been voiced during the course of the talks are reflected in the signed memorandum. To implement them, a decision was made to set up a joint intergovernmental commission on trade and economic, as well as scientific and technical cooperation. Its main forms will be joint Turkmen-Slovak enterprises, Slovak Economy Minister Jan Ducky said. In line with this, the Slovnaft and Transpetrol companies have reached an agreement on laying a 900-km inner pipeline, and the terms of their participation in laying the Turkmenistan-Iran-Turkey-Europe transcontinental gas pipeline were discussed. Slovak specialists have already been building the fifth section of the gas pipeline that delivers Russian gas to Europe, but Slovakia receives only 5 billion cubic meters of the total volume of gas annually. However, an agreement has already been reached on increasing this gas supply up to 11 billion by the year 2010. Accordingly, Turkmenistan, being a country that is rich in gas, considered as one of the options opportunities to harmonize the interests of the three states — Russia, Slovakia, and Turkmenistan — in order to receive a quota for Turkmen gas to be transported through the Russian export pipeline. In the Slovak minister's opinion, this is an ideal mechanism for mutual payments. A more realistic option appears to be a trilateral Slovak-Ukrainian-Turkmen version of trade operations for repaying the Ukraine's debt to Turkmenistan by importing Slovak goods.

Among the other cooperation projects, the minister highlighted an agreement between the Slovak Jaz joint-stock company and the [Turkmen] Textile Industry Ministry on setting up a joint venture to produce leather and shoe products and model footwear. It will be set up on the basis of the tannery in Mary, and another production line will be refitted at the Ashgabat footwear company. The Turkmen Ministry of Power and Industry and a Slovak plant producing fork-lift trucks has also outlined a joint venture as a form of cooperation. The joint venture will assemble tractors and fork-lift trucks.

The most solid Turkmen-Slovak contracts, according to Janus Stefan, a representative of the Martimeks-Omega firm, will be the supply to Turkmenistan of appliances and equipment worth $11.5 million and building materials worth $3 million. This firm has already delivered dry cargo ships to Turkmenistan — the Turkmenistan, Saparmurad Niyazov, Magtymguly, and Balkan — as well as pumping stations and dredge pumps.

All the proposals considered during the talks will be formulated as an addendum to the agreement on trade and economic, and scientific and technical cooperation between the governments of Turkmenistan and the Slovak Republic.

Uzbekistan

Political Motives Seen Behind Electricity Charge

MM3105135895 Moscow PRAVDA in Russian 31 May 95 p 2

[Report by Alisher Niyazov: "Tashkent Demands Cash"]

[FBIS Translated Text] Dushanbe — Tajikistani power industry workers are in a state of utter commotion. The Uzbekistan Government has decided that as of 1 June this year, Uzbekistan is to suspend the supply of Tajikistani electricity to Tajikistan. Tashkent explains that it has its own fuel and power generation capacities.

Bakhrom Sirodzhev, president of the "Barki Tochik" State Company, called the fraternal state's move "impolite, to say the very least." He recalled that, under the annual contract on electricity transfers between the two states' power grids, any changes are only valid with the consent of both sides, yet Tashkent did not even inform the Tajikistani side of its decision.

Bear in mind that, under this contract, Tajikistan uses Uzbekistani electricity for most of the year and during the summer — when the water level in the rivers rises — electricity from Tajikistan's hydroelectric power stations is sent to its neighbors on loan terms. Now Uzbekistan is demanding the round figure of $68 million for the electricity that it supplies during the winter.

It is easy to see the political backdrop to these tough demands. The Uzbekistani leadership is hoping to make Tajikistani leaders more amenable during the talks with the Islamic opposition in Almaty.

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Economist on Progress of Economic Reforms

954F2379A Moscow TRUD in Russian 24 May 95 p 3

[Interview with Doctor of Economics Akmal Kholmatov, by TRUD staff correspondent Valeriy Biryukov; place and date not given: "To Be the First Out of the Crisis"]

[FBIS Translated Text] Tashkent — "All happy families are alike, but each unhappy family is unhappy in its own way...." These words of a great writer can be applied to a certain extent to nations. The recently "all-round happy" former Soviet republics today are unhappy or are suffering from transition-period ills, each in its own way.

At the request of our correspondent, a young Uzbek scholar, Doctor of Economics Akmal Kholmatov, shares his thoughts on some special features of the economic reforms in Uzbekistan. He received his doctorate in Moscow, where over the past few years he was engaged in research and therefore had the opportunity to observe from the outside changes in his native state and to compare them with the reforms in Russia and other Commonwealth countries.

[Biryukov] International experts overall appraise the state of the Uzbekistani economy positively, but ordinary people are used to judging the reforms by store window displays and shelves. In this respect — I mean the window display abundance — Uzbekistan still has a way to go to catch up with Russia, for instance, neighboring Kazakhstan, or some other CIS partners....

[Kholmatov] It is a paradox, but it is precisely this fact that should imbue each citizen of Uzbekistan with certain confidence in tomorrow. The point is that unlike the neighboring Central Asian countries, and Russia as well, we absolutely **do not permit using the foreign currency revenue from the sales of cotton fiber and other raw materials for purchases of consumer goods.** The same applies to international credits because "consuming" raw materials and credits means impoverishing the future generation, giving up on new technologies and equipment and, in the final count, on modernization and reforms of the economy as a whole.

The aforementioned does not at all mean, however, that the republic has lost sight of the current needs of ordinary people. Having embarked on a voyage on the sea of the market elements, the president and his team rejected "shock therapy," preferring the policy of **phased transformation.**

It is true that there have not been, and still are not, consumer goods with bright foreign labels in the stores, but on the other hand, prices for bread and basic necessities are subsidized, and wages are indexed on a regular basis. The state housing stock, small trade and service establishments, and small local enterprises have been privatized on preferential terms. Rural residents have received for personal use more than half a million hectares of irrigated land. All of this has enabled us to protect from the inflationary shock the low-income population strata to avoid a catastrophic decline in industrial and agricultural production.

At the same time, a foundation for new economic relations has been created. Laws on ownership, enterprises, entrepreneurship, foreign economic activities, denationalization and privatization of property, and banks and banking have been adopted....

[Biryukov] By the way, speaking of banks. Why are there relatively few of them in the republic?

[Kholmatov] Because from the very beginning the government deliberately did not encourage the expansion of a commercial banks network — they could go bankrupt quickly, creating a financial-economic fever. Uzbekistan chose a way of building at an accelerated pace the material and technical base of the banking system, training skilled personnel, in which it received considerable assistance from the World Bank. That is why we did not have bankruptcies with their attendant scandals. By the way, a thought-through and sometimes strict credit policy enabled us to avoid the emergence of commercial organization the likes of the notorious MMM in Russia, and hence to preserve the savings and income of ordinary citizens.

[Biryukov] Still, in your opinion, what is the main distinction of the economic reforms in the republic?

[Kholmatov] I think it is moving away from regulating prices through subsidies toward a **targeted support for socially vulnerable population strata.** The state passes these funds to the local level, to mahalla committees, which always have direct contact with the people and know who needs help, and when. Such practice is aimed at liquidating the leveling and dependence and increasing the labor activism of the people.

There have also been changes in the policy of building **a new private sector of the economy, denationalization and privatization.** While in the past large and medium-sized state enterprises were being converted into closely held joint-stock societies, with the controlling share held by the labor collective, now they are becoming **publicly held societies,** whose stock is freely sold at the stock exchange. Auctions of personal property and real estate, including land plots, became widespread. In 1994 alone, about 10,000 objects changed their form of

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ownership. More than 4 million persons currently work in the nonstate sector of the economy — half of the entire national labor force.

The foundation of the country's economic independence is a priority supply of food for the population and fuel and electric power for the national economy. While in the past the republic imported 4-5 million tonnes of oil, imports for the current year are envisaged at the level of only 750,000 tonnes. The new Kokdumalak and Mingbulak oil fields have come on line. Production of gas condensate has tripled. The increase in gas production enables us to save $320 million. Completion of construction of a new refinery in Bukhara Oblast will make us not only an energy-independent nation, but also an energy exporter.

Serious efforts are being made to speed up restructuring of the economy, including with the participation of foreign investors. Together with the South Korean DZU Corporation, construction of a passenger car plant is under way; Khoresm Oblast, together with the Mercedes-Benz company, operates a truck assembly plant. With the active participation of foreign companies, eight textile complexes manufacturing fabrics and garments from local raw materials have been put into operation. While in the past only about 10 percent of cotton fiber was processed into finished items, now this indicator has more than doubled.

Uzbekistan continues to liberalize its foreign economic activities. Laws have been adopted on the questions of foreign economic relations, foreign investment, and guarantees for foreign investors' activities. The list of goods subject to export restrictions has been reduced. In the first half of 1994 it contained 26 items, and by the end of the year, only 11.

More than 1,400 joint enterprises with foreign companies have been formed. Stable trade ties with CIS states enabled us last year to reach a positive balance in reciprocal trade, as well as to increase the volume of foreign trade by 5.5 percent as compared to 1993, to the level of $3.8 billion. The IMF has acknowledged that Uzbekistan treats its recommendations properly. This is confirmed by "dry" figures. In 1994, Uzbekistan's gross domestic product was 83 percent of the 1991 level; that is, it declined by 17 percent, while in Kazakhstan it declined by 43 percent, and in Russia by 39 percent.

For objectivity's sake, I should point out that the positive trends in the Uzbekistani economy could not, of course, fully alleviate the transition period costs. As over the entire CIS, the standard of living has also declined here. However, provided that the current trends continue, this republic — in the opinion of experts from the IMF, the World Bank, and other international organizations — will be the first to start getting out of the crisis.

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Armenia

Ter-Petrosyan Meets OSCE Conference Cochairman

LD3105185995 Moscow INTERFAX in English 1524 GMT 31 May 95

[FBIS Transcribed Text] YEREVAN, May 31 (Interfax) — Armenian President Levon Ter-Petrosyan and Vladimir Kazimirov, plenipotentiary representative of the Russian president and co-chairman of the OSCE Minsk conference on Nagorno-Karabakh, met behind closed doors in Yerevan on Wednesday [31 May].

Since journalists were not admitted and both the participants and the Armenian president's press office keep mum, details of the meeting are not known yet.

However, the meeting obviously dealt with Armenia's participation in the OSCE talks on a settlement in Nagorno-Karabakh. The next round of the talks, to take place in Helsinki, is set for mid-July.

Earlier, Yerevan announced that it suspends its participation in the talks until the international community provides guarantees that sabotage against Armenia will not be repeated. It referred, in particular, to the explosions of the republic's gas-main. The last in the series of such explosions happened May 21 in the Marneul region, in Georgia. Yerevan blames "agents of the Azerbaijani government" for the subversive activities.

Democratic Party Introduces Platform

NC3105161995 Yerevan NOYAN TAPAN in English 1204 GMT 31 May 95

[FBIS Transcribed Text] 31/05/95 NOYAN TAPAN — "We bear the concept of social-democracy and are guided by the principle of social equality and social accord", Chairman of the Democratic Party of Armenia (DPA) Aram Sargisyan stated at the May 30 press conference.

Presenting the pre-election platform of the Party, its leader pointed out that DPA was against "the wild market and functioned in the interests of real reforms". "Current authorities, being amateur in the sphere of government, centralized all the power within their hands and let the national wealth be robbed, let the corruption reign and the country be divided into the poor and the rich", Sargisyan said. According to him, it is necessary to form an average class which is the stronghold of stability of the society. Sargisian asserts that the former socialist countries evaded "the wild market" and the power was transmitted to the Left forces. "We are going to become an apologist of such transition, taking into account the particulars of Armenia and the Armenian people", he said.

DPA is also against "the rash privatization". According to DPA Chairman, a peasant should be provided with a choice, when he would either organize a collective economy or become a farmer under the patronage of the state because "there is no country where the agriculture develops irrespective of the state". At the same time Mr.Sargisyan calls to return to the strict state planning, "the state must play a role of a regulator".

DPA is for the parliamentary government, for the multiparty National Assembly, for the limited Presidential powers the independent judicial branch and only then, according to Sargisyan, a basis for normal law-governed state can be founded. "We are going to call upon the people to say 'no' to the Constitution. No other President in the world possesses the powers our President does: the President forms the judicial power, appoints the administration of regions. To say 'yes' to such Constitution means to commit a crime", Sargisyan said.

In compliance with DPA pre-election platform, Armenia must state that it is a business partner of Russia and its companion and when acceding to a political or military alliance with other countries it must take into account the national security and interests of the Armenian people. Armenia should expand its relations with third-world countries which can become its partners while solving crucial issues at the UN, including the issue of Hay Dat (Armenian Issue).

According to DPA position, the issues of Karabakh's status, the Azeri territories controlled by the Armenian armed forces and the issue of blockade must be resolved with one document.

"The President assured that his Advisor Ataliants would turn Armenia into a paradise. However, the latter was arrested in Paris and accused of shady financial affairs. This one more time testifies to the fact that high positions are held by accidental people," DPA Chairman said.

"NT": Artem Ataliants is a businessman from Russia. In 1992 he was appointed at the post of the Presidential Advisor on economic issues. At present, according to the President's press service, the President has no such Advisor.

Opposition Leader Claims Attempt on His Life

LD3105184695 Moscow INTERFAX in English 1524 GMT 31 May 95

[FBIS Transcribed Text] YEREVAN, May 31 (Interfax) — An Armenian opposition leader claimed on Wednesday [31 May] an attempt had been made on his life.

Paruir Airikyan, leader of the National Self-Determination organization, told Interfax that on

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May 27 a group of unidentified individuals fired pistols at his car. No one was killed, he said.

Explaining why it had taken him several days to tell the media about the incident, Airikyan said the law enforcement authorities had still made no reaction to it and had not even started an investigation.

Airikyan declined to suggest political reasons for the assault, but did not exclude the possibility that its authors included "the present-day leadership of Armenia headed by President Levon Ter-Petrosyan," one of the leaders of the ruling party, the Armenian Pan-National Movement.

He surmised, however, that it could also have been the work of other forces, whose aim is to destabilize the political situation in the country.

Airikyan said National Self-Determination has scheduled a rally in Yerevan for June 2 to protest at the alleged murder attempt.

Azerbaijan

Bestowal of Most-Favored-Nation Status Viewed

NC3105201595 Baku AZERTAC in English
2316 GMT 30 May 95

[FBIS Transcribed Text] Baku, May 30 (AZERTAC)— According to the decision of the U.S. Administration on the initiative of U.S. President Mr. Bill Clinton, Azerbaijan have been given the favoured nation treatment in relations with the United States. The U.S. Minister of Energetics Mrs. Hazel O'Leary stated it during her short visit to Baku, where she had taken part in the opening of an international exhibition-conference "Oil and Gas of the Caspian Sea".

Having commented on the statement about priorities of cooperation between two countries, the state counsellor of Azerbaijan Mr. Vafa Gulizade pointed out that in the first place it had been decided that the Azerbaijani goods would not be imposed the great taxes at the American market. According to him, it was envisaged by trade and economic agreement, had signed not long ago [sentence as received]. At the same time the statement of Mrs Hazel O'Leary should be understood as U.S.'s modified attitude towards Azerbaijan, caused by the changed political situation in the republic. U.S. recognizes Azerbaijan as democratic state, taking into consideration that Azerbaijan backs up the peaceful and political settlement of the Karabakh conflict and that it is the state, having great economic potential and raw material resources.

Vafa Gulizade also informed that during the meeting with the Azerbaijani President Geydar Aliyev Mrs. Hazel O'Leary had conveyed to him "rather cordial personal message of President Bill Clinton, where it was said about importance of the bilateral mutually advantageous cooperation development". According to the Azerbaijani state counsellor, all this testifies that "the serious political and economic rapprochement between our countries is in progress".

Trade, Economic Agreement With Moldova Signed

NC3105153995 Baku TURAN in English
1459 GMT 30 May 95

[FBIS Transcribed Text] Baku (May 30) TURAN — During the summit among the heads of the CIS-member states Azerbaijan and Moldova signed the intergovernmental trade-economic agreement for 1995.

As was earlier reported, the draft of agreement was initialled early March. Under the agreement, Azerbaijan will deliver oil products - 1,000 tons of kerosene, 15,000 tons of diesel fuel, 2,000 tons of auto oil, 2,000 tons of diesel oil, 2,000 tons of industrial oil, 200 tons of "T" paraffin as well as goods of chemical, petrochemical, light, electro-technical industries and medicines totalling $54,000 to Moldova.

Moldova will deliver pumps, light industry goods, food products - 1,000 tons of butter, 4,000 tons of sugar, 2,000 tons of meat and medicines totalling $2,000,000 and other goods.

The agreement also mentions importance of new forms of co- operation, including creation of the joint venture, industrial, financial groups, co-operation in different fields.

Railway Traffic to Russia 'Completely Suspended'

NC3105153795 Baku TURAN in English
1515 GMT 30 May 95

[FBIS Transcribed Text] Baku (May 30) TURAN — The Russian border troops completely suspended railway traffic between Azerbaijan and Russia, the Chief of Freight Service in Azerbaijan's Railway Management, Isfandiyar Kerimov, told TURAN.

He said that Russian border troops say that the Azeri party did not present guarantees for absence of arms and drugs in the trains. "For the freights delivered from Russia these arguments are groundless", Kerimov says.

He mentioned that the activities of the border troops cause astonishment since by the resolution of the Russian Government from May 23 all transport-routes with Azerbaijan must have been completely opened.

From April 18, since the beginning of partial restoration of the transport communication, Azerbaijan received 289 trains with flour, black metal, cement and others.

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More than 1,000 loaded trains stay on the Azerbaijani railway, 280 of them are containers with personal belongings of the citizens leaving the country, more than 200 - oil products, 280 - with wine and so on.

Further on Meeting of Aliyev, Russia's Kazimirov

NC3105161495 Baku TURAN in English 1448 GMT 30 May 95

[FBIS Transcribed Text] Baku (May 30) TURAN — Yesterday evening President Aliyev received the representative of Russian co-Chairman of the OSCE Minsk Conference, Vladimir Kazimirov.

Azeri President mentioned that the Minsk process must be more intensively advanced towards the conclusion of the political agreement. He said it is impossible to freeze the process on the current stage.

Vladimir Kazimirov mentioned that now the cease-fire is the basic achievement and he also said that freezing of the settlement process is inadmissible.

Touching upon recent liberation of the prisoners and hostages by the parties, Kazimirov said that the mediators are waiting for further steps in this direction from Armenians of Nagorno-Karabakh, who till liberated only 15 Azeris out 127 ones registered by the ICRC.

Kazimirov mentioned that though the last round of Moscow's talks brought no results, the parties exchanged opinions. "The sides mutually fixed their positions. And it was for the first time", he said.

Regarding to Armenia's dropping out of the Minsk process due to the explosion of the gas pipeline, Kazimirov said: "We condemn terrorism, but the talks have nothing do with that. One cannot connect different things. The negotiations are very important and they must be continued". He mentioned that this position of the Minsk Group is expressed in the statement of the OSCE Chairman and the Minsk Conference co-Chairmen issued on May 25.

President Aliyev stressed inadmissibility of delay of the settlement process. "Frankly speaking, if the process is delayed, the Minsk Group will lose its authority", Azeri President said. Armenia's statement on dropping out of the Minsk Group President Aliyev called provocation and said that it is aimed at delaying of the settlement process. President Aliyev mentioned that despite this statement he understood during Moscow's talks with President Ter-Petrosyan that Armenia will take part in the next round of the talks in Helsinki.

As far as the fate of the Azeris, who are still in Armenian prison, is concerned, President Aliyev expressed hope that Vladimir Kazimirov will achieve their absolute liberation. "I hope that you will keep your word and exert pressure on the Armenian party to make them to liberate all Azeris", President Aliyev said.

Then the meeting continued behind the closed doors.

National Assembly Speaker Guliyev Interviewed

NC3105175095 Baku Azerbaycan Radio Televiziyasi Television Network in Azeri 1645 GMT 25 May 95

[Interview with Azerbaijan National Assembly Speaker Rasul Guliyev by unidentified IRNA correspondent in Baku on 24 May — recorded]

[FBIS Translated Excerpt] [Correspondent] Mr. Guliyev, can you comment on the relations between Iran and Azerbaijan?

[Guliyev] I have visited Iran as the head of the Azerbaijan National Assembly. I have held talks with Majlis Speaker 'Ali Akbar Nateq-Nuri and President Hashemi-Rafsanjani. Undoubtedly, I have held talks with Foreign Minister Velayati many times. I also have held talks with Petroleum Minister Gholam Reza Aqazadeh-Kho'i and other ministers. Nateq-Nuri has visited Azerbaijan. You accompanied him to Baku. We signed an agreement between our parliaments at the time.

Only fraternal relations can exist between Azerbaijan and the Islamic Republic of Iran. That is because we have a common history, a common religion, and similar views. Furthermore, Azerbaijan has a long border with Iran. The relations between Azerbaijan and Iran will gradually improve. Our fraternal relations will strengthen. A time will come when borders will not exist between the two countries. The people of the two fraternal countries will exchange visits without restrictions. Economic integration will be established between Azerbaijan and Iran. Yes, that is what I want to say about the relations between the two countries.

[Correspondent] Can you explain Iran's place in Azerbaijan's foreign policy?

[Guliyev] Compared with the other countries, Iran's place in Azerbaijan's policy is very important. In other words, Azerbaijan's foreign policy toward Iran is based on its fraternal ties with it.

[Correspondent] An agreement was recently signed between Iran and Azerbaijan. It was related to the oil consortium. However, Azerbaijan failed to seriously support Iran's effort to join the consortium. It was influenced by the United States. Obviously, that showed that Azerbaijan retreated from its original position. Can you comment on that state of affairs?

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[Guliyev] Obviously, the way I look at developments is different from what you have just described. It is true that a protocol was signed between Azerbaijan and Iran. Azerbaijan promised to transfer 5 percent of its oil shares to Iran in accordance with it. Gholam Reza Aqazadeh-Kho'i held talks with us for two days. He held talks with me and Natiq Aliyev. President Aliyev received him later. Meanwhile, I held talks with Nateq-Nuri and 'Ali Akbar Velayati on the matter. President Aliyev held talks with President Hashemi-Rafsanjani in Asghabat and Tehran. They also met to hold talks in Baku. All the officials approved the cooperation between the two countries on the extraction of oil in the sector which is under Azerbaijan's jurisdiction in the Caspian Sea. A contract was signed on 20 September 1994. The Azerbaijan National Assembly ratified it in November. In general, the contract was legalized after it was ratified. A provision in it said that Azerbaijan can transfer its shares to any country or company. It also said that the country or company that receives Azerbaijan's shares has to be supported by all the consortium members in order to be a part of the consortium's administrative system. That was the only problem in the process of the transfer of Azerbaijan's shares.

You have said that Azerbaijan gave up very easily. No, that is not the case. We appealed to all the consortium members twice. We held talks with the U.S. companies several times. We held talks with the U.S. officials to persuade them to change their approach. However, they categorically objected to our proposals. We could have said that we would cancel the contract. However, can you imagine the impression Azerbaijan would have created in the world? It would have been treated as an unserious country. A contract was signed and an effort was made to put it into effect. How would we have looked if we suddenly appeared on the scene to press for changes? Could we have done that? From the point of view of its moral obligations, Azerbaijan could not have taken such a step as an independent country. Yes, that is the situation and I ask you, my fraternal counterpart and ministers in Iran, and the officials of the foreign countries to consider that state of affairs in depth. That is the moral aspect of the matter. The economic aspect also has to be considered. For example, a contract has been drawn up and put into effect. If an objection is raised against it, then the side which objects must pay a certain amount of compensation. Withdrawing from such an international contract in an irresponsible way is impossible.

So, we made every effort to realize our initiative. However, the matter was not considered. That caused a reaction in Iran. In other words, Iran reacted because it was not included in the consortium. The Iranian Foreign Ministry issued a statement. I believe that it was premature. The matter was not considered in detail. The consortium will extract some 500 million tons of the oil reserves in the Azerbaijani sector of the Caspian Sea. Meanwhile, it is believed that the oil reserves may yield 2.5 or 3 billion tons of oil. The protocol we signed with Iran for the transfer of 5 percent of Azerbaijan's shares said that Azerbaijan agrees to cooperate with the Iranian oil company for the extraction of oil in its sector in the Caspian Sea. So, we informed Iran that it must not be uneasy. We have oil in the Shah Deniz region. The Shah Deniz oil field is larger than the Chirag oil field. Let us work with Iran to extract oil from that oil field. Instead of giving 5 percent to Iran, let us give it 15 percent.

So, I believe that Iran must not be upset. A misunderstanding may exist at the present time. However, the peoples of the two countries will never break their ties. I believe that the present situation is temporary.

[Correspondent] It seems that Iran has been excluded and the Exxon Company may replace it, that is, with U.S. pressure. That state of affairs coincides with the recent move the United States has made to put international pressure on Iran. However, no country in the world, except Israel, has complied with the U.S. call for an embargo against Iran. So, the Iranian people seem to believe that Azerbaijan and Israel support the United States. Can you clarify the situation?

[Guliyev] I will do that with pleasure. The U.S. disclosure on Iran was made more than a month after the consortium's rejection of Iran's membership. That is a historical fact. The matter was resolved long before the United States made its disclosure. Regarding the Exxon Company, I want to recall that we issued tenders for the 5 or 10 percent. The tenders said that those who offered the highest bonus and financed Azerbaijan's shares would be included. The Exxon, Mobil, [name indistinct], and Agip firms bid for the tenders. [passage indistinct] Had Agip's conditions been similar to those that were offered by Exxon, then I want to fully assure you that it had a good chance. That also applies to the French firm.

[Correspondent] The arrival of U.S. companies in Azerbaijan serves U.S. strategic interests. Can you comment on the U.S. strategic interests in the region? The United States is very far away from this part of the world. So, we are curious about its strategic interests in our sensitive area.

[Guliyev] According to its laws, the United States has to concern itself with the interests of its citizens and companies in the world. The United States has to help

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its citizens and companies wherever they may be in the world. No other country helps and supports its citizens as much as the United States does. Regarding U.S. strategic interests, allow me to assure you that the United States does not want to provoke Azerbaijan against Iran. That is not its strategic objective. In fact, if that is what you have in mind, then I want to inform you that that is impossible. Had that been one of the strategic objectives of the United States, that country would not have had a place in Azerbaijan.

[Correspondent] Azerbaijan agreed to have the oil pipeline transit Iran. Can you comment on your approach?

[Guliyev] My approach has always been quite clear. I have said that the oil pipeline from Azerbaijan to the Mediterranean Sea must cross through Iran, Nakhichevan, and Turkey. I am talking about the main pipeline. We held talks with Gholam Reza Aqazadeh-Kho'i on the sale of the oil that will be extracted before the pipeline is constructed. We agreed that the consortium should transport the oil through Iran. In fact, the consortium has approached Aqazadeh-Kho'i on the matter. A proposal was made for the transportation of oil to Tabriz through [name indistinct]. The oil in question will then be sold in the Persian Gulf. Yes, we supported the view that the oil pipeline should cross through Iran.

[Correspondent] What are the chances of that variant?

[Guliyev] Azerbaijan has significant resources. However, Iran has to seriously consider the matter and resolutely agree to support the project. [passage omitted]

[Correspondent] Regardless of the protocols that have been signed between the two countries, nothing has been done to reflect the friendly relations between Iran and Azerbaijan. For example, why has the project for the construction of a bridge between Astara in Iran and Astara in Azerbaijan not been realized? Agreements have been signed between the two countries for the construction of factories. Why have they not been realized? The oil agreement has provided for cooperation for a period of 30 years. Why has nothing been achieved to improve the cooperation between Iran and Azerbaijan in the long run?

[Guliyev] You are right. I fully agree with you. I want to tell you that the construction of a bridge between Astara in Azerbaijan and Astara in Iran is very essential. However, it is common knowledge that bureaucratic officials exist in Iran and Azerbaijan. They are to blame for the delay in the construction of the bridge. We proposed to Iran that the foundations of the bridge should be laid in mid-June. President Aliyev and President Hashemi- Rafsanjani should lay the first layer of concrete. I am involved in the matter. I believe that the construction of the bridge is essential. However, various circles complained that our depots in Astara will remain empty if the bridge is constructed. They also complained that 500 or 600 workers in the area will lose their jobs if the bridge is constructed. Unfortunately, meaningless claims have delayed the construction. [passage omitted]

Regarding the projects for the construction of factories, I want to inform you that I hold the bureaucratic officials in Azerbaijan and Iran responsible for the failure to realize them. They have been unable to draw up a system for financing the construction work. [passage omitted]

[Correspondent] You have said that the United States will not carry out any activity in Azerbaijan against Iran. Naturally, Iran views Azerbaijan as a fraternal, friendly, and close country. However, we have observed Radio Liberty's activities. Meanwhile, the opponents of Iran have been officially allowed to carry out their activities in Azerbaijan. The Democratic Party is an example. It is true that it maintained its activities during the communist era in the past. However, it still has an official place in Azerbaijan and still publishes its newspaper. We do not have an official place. We are a news agency which is based in a hotel. Meanwhile, Shariyar appears in your television programs. He has fled from Iran and is engaged in propaganda against our country. That may disrupt the relations between the two countries. Can you comment on that state of affairs?

[Guliyev] You are aware that Azerbaijan is striving to establish a democratic system. We have more than 90 political parties. More than 300 newspapers are published in our republic. Of that amount, 296 newspapers criticize me, Heydar Aliyev, and other officials. They slander us and publish humiliating reports. Yes, I believe that is normal. We have to tolerate that if we want to establish a democratic system. So, I want you to believe me that I to not attach importance to what this or that person says or sings on a television program.

[Correspondent] I have lived and worked in Azerbaijan as the representative of Iran's radio and television network for nearly two years. Our radio and television network does not allow anyone to harm the interests of Azerbaijan and its people. Regrettably, the Azerbaijan state television's approach is different. So is the approach that is maintained by Azerbaijan's newspapers. You have said that Azerbaijan is a democratic country and that the newspapers are free to publish what they want. However, I want to give you an example. Anything against the president's office in Azerbaijan on the front pages of the newspapers is censored. However, the

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attacks that are published against Iran's leaders, the Islamic Revolution, and the values upheld by the Iranian people on page 2 are retained. How can the committee, which censors anything against the president's office, allow the newspapers to publish material which can be described as treachery against the values upheld by a neighboring country? That also applies to the television network.

[Guliyev] Yes, I understand. Well, that is very rare on television. I want to inform you that we have received similar complaints from the United States against your television network's propaganda against that country. The newspaper AZADLYG published an article some time ago. We did not censor it. That must not be taken to mean that Azerbaijan is against Iran. I was asked to express my opinion on the establishment of an organization in Iran some time ago. I said that nothing can disrupt the relations between Azerbaijan and Iran.

[Correspondent] An organization was established in Iran by the littoral countries in the Caspian Sea region four years ago. A committee was established by the organization to work on the Caspian Sea's status. However, it has not been very active. The Caspian Sea's status gained importance after Russia brought up the matter. How can the Caspian Sea problem be resolved?

[Guliyev] All of the littoral countries must meet to study the situation. I believe that the problem can be solved as follows: The littoral countries must sign an agreement for the protection of marine life in the Caspian Sea. The firms, establishments, and people of the littoral countries must have free access to the Caspian Sea. However, measures must be taken to protect the ecology. The vessels of the littoral countries must be free to use the Caspian Sea. The ecology must be protected. An agreement must be reached for that purpose. An ecological committee must be established to study the work that will be carried out in the Caspian Sea region. Regarding the underground resources, the Caspian Sea must be divided into sectors. It is an enclosed sea. So, the way the problems related to the enclosed seas in the world are resolved must be studied. Agreements must be signed on all that by the littoral countries. [passage omitted]

Party Official on Private Sector Needs

954F2326A Baku ZERKALO in Russian 13 May 95 No 18, pp 6-7

[Interview with N. Imanov, deputy chairman of the Azerbaijan National Independence Party, doctor of economic sciences, and member of the International Eco-Energy Academy, by R. Mirkadyrov; place and date not given: "The Private Sector Is in its Death-Throes"]

[FBIS Translated Text] Nazim Imanov, deputy chairman of the Azerbaijan National Independence Party, doctor of economic sciences, and member of the International Eco-Energy Academy, believes that, as a consequence of government policy, Azerbaijan's is becoming a consumer economy.

[Mirkadyrov] Nazim bey, I would like our conversation to deal with the crisis in the private sector of Azerbaijan's economy. This problem has resonated little as yet in the speeches of our economists.

[Imanov] You are right, unfortunately. The point being that our economic science and our economists were formed in the womb of a system which we formerly called socialist. Speaking about the economy at that time, we naturally implied the state economy, that is, in terms of today's concepts, the economy of the public sector. This is how, by inertia, we think in the majority of cases today also. But this is an impermissible mistake. The private sector will in the very near future constitute a significant part of the economy of Azerbaijan, will even have become the leading sector, if, of course, fundamental reforms in the economy finally begin. It needs state guardianship, as something "new" born of the "old." It is clear also that the private sector has its own "rules of the game." Without knowing these rules and without perfecting them in accordance with the demands of the times, the state simply cannot achieve long-term economic stability.

[Mirkadyrov] Perhaps we can talk specifically about one of these particular features?

[Imanov] It is well known that a characteristic problem for the majority of the former Soviet republics, including Azerbaijan, is the payments crisis. At the present time Azerbaijan's enterprises owe one another over 1.5 trillion manat. It is contemplated on the eve of privatization "closing" them with bills of exchange (the soundness of this step is greatly in question, in my view).

But the figure that I have given encompasses merely the state-owned enterprises. It is very difficult to make such a computation in the private sector. Because the debts of various firms to one another here and the debts of their owners to one another are of an equal economic essence. These debts include the debts of banks and a variety of private enterprises to the public (tallied on paper and otherwise); debts past due and bad debts of companies to banks (the nonrepayment of some of them is stipulated in advance); the debts of entrepreneurs to the citizens (and the other way

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about, so-called interest debt included). Half of Baku's businessmen, at a minimum, cannot obtain what they should be obtaining in order to return what they should be returning. Being legal entities, private firms are not that much in debt to one another because the majority of these debts appeared as the result of financial business or financial transactions.

[Mirkadyrov] And what is the sum total of debt for the "items" that you have listed?

[Imanov] There are no such statistics. According to my calculations, reciprocal arrears in the private sector are approximately twice as high as in the state structures and constitute approximately 3 trillion manat.

[Mirkadyrov] The rules of their repayment are also different, most likely?

[Imanov] Of course. The most primitive and not the most successful method of the repayment of debts in the public sector is their mutual cancellation. In the private sector this is today, it may be said, impossible. But what is most important is that, as distinct from the private sector, the debts of state-owned enterprises to one another are very rarely debts of their managers to one another. It is for this reason that debts are repaid in the private sector, as a rule, as a result of "showdowns." The relative lowering of the price of real estate and certain producer goods, which is happening against the background of an abrupt increase in the price of foodstuffs, is a result of this to a certain extent. Because in order to repay their debts, people are having to sell their assets.

[Mirkadyrov] So the situation in the private sector is strained....

[Imanov] The word "strained" does not convey the correct impression—it is too mild a word. I would say that the private sector is in its death-throes. Unless this process is halted, it could have grave economic and social consequences.

[Mirkadyrov] Why has the private sector gotten into this situation?

[Imanov] The reasons have to be subdivided into several types. In economic law they are called "force-majeure" factors, that is, factors that cannot be averted. The war Russia is fighting with Chechnya and on the pretext of which it has shut off transport traffic (and, consequently, a large part of the business relations) with Azerbaijan pertains to this type of factors, for example. As a result, entrepreneurs whose business is directly connected with Russia or with shipments across Russian territory have found themselves in a difficult situation. They cannot now repay either their debts or the interest on them to individual parties and enterprises. The chain reaction which has followed was inevitable.

The second, no less important, reason is the horrifying scale of bribery. Just imagine, a businessman who has planned a business action for 100 manat has to give 40-50 manat in bribes to various officials. And he, naturally, adds on this money to the expenses of the business action that he has planned. As a result, it becomes simply unprofitable to engage in business. If an entrepreneur officially registers some transaction that has been conducted, the very next morning an enormous "army of bribe-takers," having learned of this, come to him for their "share." For this reason many businessmen now work either without records altogether or avail themselves of the stamps of sham foreign firms. In both cases the state treasury does not receive a penny.

But I have already spoken about this repeatedly. I would like to touch on other aspects of the problem.

[Mirkadyrov] Which?

[Imanov] The incorrect economic policy that is being conducted within the framework of the current system—excluding privatization. At the present time, preservation of the stability of the manat is being termed the main goal of the economic policy being pursued in Azerbaijan. The main place among the measures being adopted for this purpose, though, is occupied by financial regulation based on monetarist principles. This includes, together with the regular currency interventions of the National Bank on the money markets and other methods of curbing the budget deficit, including an increase in taxes, a reduction in any way in outlays on social needs, gaining time by way of delayed disbursements (of wages included), and other measures. But this policy, in the form in which it is being pursued at this time, cannot produce a positive result either from the viewpoint of anti-inflation measures or from the viewpoint of economic revitalization.

[Mirkadyrov] Why? Is the stability of the manat not important?

[Imanov] Statements about the stability of the manat are merely a fairy tale. But, as can be seen, a seductive tale since in recent months all kinds of state officials, representatives of the authorities, leaders of parliament, and members of the government have been striking up as often as possible a conversation about the "stabilization" of the manat. In actual fact, however, the relatively stable rate of the manat in relation to any foreign currency, the U.S. dollar, for example, still does not mean that it is strengthening. To be able to speak in earnest about the stability of the manat, it has to be strong primarily in relation to the goods in the stores. The rate of increase

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in prices, however, is simply catastrophic. And the fact that the National Bank is systematically throwing dollars onto the currency market (let us consider that these dollars have not been earned by our labor either—they are allocated sometimes from the oil bonuses, sometimes from credit) has led to the relative stability of the manat in relation to the dollar, resulting in sharp jumps in prices in both manat and dollars.

According to calculations of specialists of the EFA firm, which were published recently in the newspaper AYNA (Zerkalo), this April the manat not only did not weaken in relation to the dollar but became 1.8 percent stronger even. But in that same April the prices of industrial commodities increased on average by 20.1 percent, and of foodstuffs, by 26.6 percent, and on 25 basic types of foods by an average of 31.2 percent. Onions increased in price by 233.3 percent, potatoes, by 87.5 percent, and sugar, by 40 percent. Consequently, there is inflation, only in a different form.

[Mirkadyrov] You mean that the "dollar" prices are growing also?

[Imanov] Yes, this also. In Azerbaijan today a kilo of potatoes costs 50 cents, and a kilo of bananas, $3.50. For comparison I will say that the retail price of potatoes in Turkey does not exceed 10 cents. Ultimately inflation is manifested in the form of devaluation of the manat in relation to a commodity, an increase in prices, that is. And its exchange rate in relation to other units of currency is only an arbitrary indicator, no more. If the government, taking as a basis the stability of the manat in relation to the dollar and saying that there is no inflation, does not index wages accordingly, and prices in both manat and dollars rise, what is the use of such "stability" to the ordinary citizen of Azerbaijan? None, of course.

[Mirkadyrov] Perhaps the present stability of the manat in relation to the dollar will be of benefit to this ordinary citizen in the future?

[Imanov] The point is that it will not. Economic science has shown incontrovertibly, and economic practice has confirmed it, that inflation within a particular framework is a very useful, even necessary, thing. It is an important stimulator of business activity also. Several months ago, when in Japan the price of $1 fell from 103.5 Japanese yen to 98 yen, when the yen strengthened and its exchange rate grew, that is, a government crisis, which ended some time later in a change of government, began in the country. True, a rise in the value of the national currency is undesirable for Japan primarily because this signifies a weakening of the economy's competitiveness on overseas markets. But this mere fact is, in my view, very noteworthy.

[Mirkadyrov] What bearing has any of this on our private sector?

[Imanov] The most direct bearing, that's the point. First, as a result of the financial policy that is being pursued, it is now profitable to hold money in the form of cash, particularly in the form of hard currency, rather than, having invested in some commodity, to start up some business action. Second, as a result of the increase in prices caused by inflation, the money supply in the hands of potential clients is ineluctably dwindling away, and, consequently, the overall market volume and trade activity are declining. Third, the business activity of many businessmen, which is based on the relatively cheap manat in relation to the dollar, is being completely frozen.

[Mirkadyrov] The latter needs additional explanation, I believe.

[Imanov] Imagine that you have 10 million manat in cash.

[Mirkadyrov] A good start!

[Imanov] ....And you want to import butter into Azerbaijan. One dollar is the equivalent of 4,500 manat, and the price on the home market of one kilo of butter is $3 (13,500 manat), and the price on the foreign market, together with the outlays on delivery and organization of the sale of the commodity in Azerbaijan (considering a variety of compulsory bribes also), equals $2.50 (11,250 manat). Paying manat, you would receive $2,222 and for this money you would put on the market 890 kilos of butter, spending one month on this entire transaction.

[Mirkadyrov] Everything is going normally thus far, I believe.

[Imanov] Quite right. While you are bringing the butter to Azerbaijan, its price, for example, has jumped 10 percent and amounts to $3.30 or 14,850 manat. So, having sold your commodity, you obtain, aside from a "normal" profit of the order of $445 (2 million manat), because of inflation, a "gift" profit of the order of $267 (1.2 million manat).

[Mirkadyrov] What's wrong with this—the depreciation of the dollar and of the manat in relation to commodities stimulates the importation of commodities into Azerbaijan.

[Imanov] And where do you get the money to import the commodity into Azerbaijan?

[Mirkadyrov] From the money obtained from the sale of the butter.

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[Imanov] Quite right. So someone in Azerbaijan should have this money, in the form of hard currency, what is more, should he not?

[Mirkadyrov] Yes.

[Imanov] So money should be coming into Azerbaijan from outside. And for this money to be received, something has to be sold overseas. But in the situation that we have been considering, the "firmness" of the manat at the time of the importation of commodities signifies profits, at the time of exports, however, losses. And the results of this are very distressing for the people who are seeking the payment of money into Azerbaijan from outside, primarily for those who are engaged in production. This activity is frozen, virtually. Compare for yourself: One tonne of polyethylene pellet on the Amsterdam market costs $850, our Sumgait plant offers one tonne of it for more than $1,400. There is a similar situation with many commodities that could be exported.

Therefore such money stability (or, on the other hand, this inflation—call it what you will) limits exports to the extent that it stimulates imports. Azerbaijan's business people are trying not to produce and export onto the foreign market their goods and to import somewhat more and sell them here. Azerbaijan's is becoming a consumer economy. When there is nothing to export, it is impossible to import also for any length of time at the expense of foreign and domestic debts.

[Mirkadyrov] So....

[Imanov] So the stability of the manat in relation to the dollar is not as "important" an economic success as it might appear at first sight. Any economic regulation can only have any significance when it is very quickly reflected in the kitchen of each family or, on the other hand, in an increase in economically efficient activity and, as a result, in the kitchen of each family. Were $1 to be worth not 4,500 manat, as today, but merely 45 kopeks even, and this were accompanied by a freezing of the economy, of the private sector particularly, and the even grimmer social situation of the population, who needs such currency stability?

[Mirkadyrov] And the solution? What needs to be done for a revitalization of the private sector?

[Imanov] The answer to this question coincides fully with the measures that need to be adopted for a revitalization of the economy as a whole. I have expressed my opinion concerning these paths repeatedly: both in the press and from platforms of various levels. As far as the specific problems of financial and monetary policy we have been discussing today are concerned, my answer is as follows: Having revised this policy completely, we need to construct it on an entirely new philosophy. The most important postulate of the new policy should be the fact that within a certain framework, inflation is a useful thing. If it does not exist, it needs to be created. And the paths for this are known to everyone who calls himself an economist.

[Mirkadyrov] You used the words "inflation within a certain framework." Who determines this framework and how?

[Imanov] The answer to the question "who" is very simple: the government. "How" is somewhat more difficult. When determining the upper plank, the main thing is to ensure that inflation be kept under control. The desired maximum and minimum are determined by experts, as a rule. I believe that in our present economic situation and from the viewpoint of the economic goals confronting us, annual inflation in Azerbaijan should be kept within the 90-110 percent range. Counting by compound interest, considering the interest on the interest, that is, this would yield a monthly inflation of approximately 7 percent. I mean inflation commensurate with foreign currency and commodities, of course.

The current manat-dollar correlation requires, in turn, a new approach to other aspects of economic policy.

[Mirkadyrov] Which?

[Imanov] Credit policy, for example. By a decision of the Azerbaijan Parliament an austere credit policy is being pursued in the country at this time, that is, credit resources are very expensive: together with a "cap" of approximately 300 percent annual interest. To pay off such interest, the credit has to operate at roughly 700 percent profitability. This, it may be said, is impossible. An annual 300 percent might perhaps have made sense at the time of the sharp devaluation of the manat in relation to the dollar. Now, however, the austere credit policy has, in fact, become a no-credit policy.

The probability of the normal repayment of the borrowed credit is very low. It is with good reason that many business people, having taken out credit, are turning it into cash and using it to "patch up" their books. I am a supporter of a policy of expensive lending. But now the very concept of costly credit has changed, and the interest should not, in my view, exceed 50 percent annually.

We should all take our leave of laziness and start to learn to work from scratch. The market economy has its own rules, and the first of them is that it is well disposed toward those who work indefatigably and ensures for them justly good living conditions in exchange for their talent, capabilities, and labor. In respect to the idle, the market economy is far more severe than the society in which we have lived. It is the authorities' task to build in

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the place of the old system, which has been demolished and which, fortunately, is not subject to restoration, a new one as quickly as possible and with the least losses. Unfortunately, they are moving very slowly. But, in any event, I believe in the success of economic reforms in Azerbaijan (it is immaterial under which authorities this happens) and in the fact that our people, having built a flourishing economy, will begin a new life. May God help us!

Georgia

Shevardnadze, Russia's Stepashin Discuss Crime, Drugs

LD3005155095 Tbilisi CONTACT INFORMATION AGENCY in Russian 1400 GMT 30 May 95

[FBIS Translated Text] Tbilisi — Georgian Head of State Eduard Shevardnadze has met Sergey Stepashin, director of the Federal Counterintelligence Service of Russia. The meeting discussed joint action by Georgian and Russian intelligence in the struggle against organized crime, the drugs mafia, and terrorism.

Sergey Stepashin assured the head of state that the Russian Federation leadership was making every effort to achieve a peaceful settlement to the Abkhaz conflict as soon as possible. Mr. Stepashin stressed that the Russian power structures were unanimous in their position on the Abkhaz problem and peaceful settlement.

Shevardnadze Says Regional Division Justified, Acceptable

LD3105185395 Tbilisi IPRINDA in Russian 1340 GMT 31 May 95

[FBIS Translated Text] Tbilisi (IPRINDA)—[no date as received]—During the afternoon session of the Georgian parliament on 31 May, debates were held on the regional arrangement of Georgia. Head of state Eduard Shevardnadze, after a long absence, attended the session (in Shevardnadze's words, his absence from the previous sessions was caused by insults showered at him by the opposition).

Deputy Jaba Ioseliani once again opposed the idea of the regional arrangement of Georgia and deemed it to be illegal.

Following Ioseliani's address, Shevardnadze told parliament that it was difficult for the center to supervise all of the republic's districts, whereas the districts themselves were unable to resolve their own problems, such as implementing local reforms and fighting mafia structures. Proceeding from this, Shevardnadze concluded, the experiment involving Georgia's regional division was justified and acceptable for both the federal and unitary state. Commenting on the legality of Georgia's regional division, Shevardnadze noted that it was completely legal, as the then State Council adopted the decision on setting up the institute of personal representatives back in 1992.

Debates continue.

UN Official Wounded by Abkhaz Militants in Gali

LD3105143095 Tbilisi CONTACT INFORMATION AGENCY in Russian 1310 GMT 31 May 95

[FBIS Translated Text] Zugdidi [no date as received] — Yesterday, in Gali, Abkhaz militants inflicted serious wounds on 50- year old Avtandil Tsikolia, who had arrived in Gali under the personal escort of the UN military observers deployed in the conflict zone.

It has become known that the crime occurred in the presence of the separatist-appointed Mayor of Gali Some Labaia.

Official Says Handover of Mkhedrioni Weapons Completed

LD3005195895 Tbilisi Radio Tbilisi Network in Georgian 1700 GMT 30 May 95

[FBIS Translated Text] In accordance with the resolution of the Parliament of the Republic of Georgia of 5 May 1995, the voluntary handover of weapons, combat equipment and ammunition belonging to the Rescue Corps-Mkhedrioni to the Ministry of Defense was completed on the whole territory of the Republic of Georgia on 23 May.

[signed] Omar Eloshvili, chairman of the ad hoc parliamentary commission

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Estonia

President Meri on Relations With Russia

MM0106110895 Moscow IZVESTIYA in Russian 1 Jun 95 p 3

[Interview with President Lennart Meri by Maksim Yusin; date not given: "Lennart Meri: Do Not Believe That Estonians Hate Russia. Estonian President Answers IZVESTIYA Correspondent Maksim Yusin's Questions"]

[FBIS Translated Text] Tallinn-Moscow — [Yusin] Throughout the three and a half years since the collapse of the Soviet Union relations between Estonia and Russia have been in a state of permanent crisis. In your view, how long will this continue?

[Meri] I think it quite natural that Estonia should have normal relations with its eastern neighbor, Russia. And our country has always striven to achieve that. I have repeatedly told Russian politicians that we are waiting for Moscow to indicate in a form that is acceptable to it but nonetheless clear that it is not the heir to Stalin's aggressive policy. After all, President Yeltsin has done so with regard to Poland, the Czech Republic, Slovakia, and Hungary. Those are the arguments that I cited in a personal letter to Mr. Yeltsin explaining why I could not go to Moscow to celebrate the 50th anniversary of the end of World War II.

To my great regret Russian politicians sometimes allow themselves to say very hard, unjust things about my country. Foreign Minister Andrey Kozyrev, for instance, has said that the rights of the Russian-speaking population are being suppressed in a most sophisticated way in Estonia and Latvia. When I recently met Kozyrev during the forum in Copenhagen I asked: "Andrey, why do you use such inadmissible phrases?" "I did not mean Estonia," he assured me. Then I asked him to repeat this in front of a microphone....

I realize that ahead of elections politicians have to make very varied, sometimes contradictory statements. But their statements should not undermine relations with their neighbors. I want Russia to behave in a civilized manner at this difficult time, in line with universally recognized rules.

[Yusin] How are your personal relations developing with President Yeltsin?

[Meri] Boris Yeltsin is a person with a whole lot of energy, with a strong, contradictory, and very Russian character. It is sometimes hard to figure him out. But despite that I think that we understand one another well.

I remember receiving a quite unexpected opportunity to address Yeltsin 11 September 1991. It was in Moscow during the CSCE foreign ministers' meeting. Estonia had only just been admitted to the organization. After the session all the ministers (I was then head of the Estonian Foreign Ministry) were invited to the White House, which had just been cleared of barricades. And I suddenly learned that my colleagues had instructed me to address the Russian president on behalf of the CSCE. I did not even have the draft of a speech. But I remembered the words of Mark Twain: Never prepare words in advance. Just look a person in the eyes and speak so that he understands you.

"Don't believe that Estonians hate Russia," I told President Yeltsin at the time. It is only the Russia of Stalin, Zhdanov, and Yezhov that we hate just as we hate any totalitarianism. But there is also another Russia — the Russia of Pushkin, Lermontov, Dostoyevskiy, Tolstoy, and Tchaikovsky. We cannot imagine our own culture without that Russia. It is this Russia that we love and believe in." This was a spontaneous speech but I think that Yeltsin sensed the sincerity of my words.

[Yusin] How long will our relations be clouded by the unresolved territorial problem?

[Meri] The faster we settle this issue the easier it will be to develop future ties. Estonia's position is this: In February 1920 Soviet Russia signed the Tartu Peace Treaty with our country, acknowledging the inviolability of the Estonian Republic's borders. Following the Soviet Union's annexation of Estonia the borders were changed. Around 5 percent of Estonia's territory was seized and joined to the Russian Federation. No one denounced the Tartu Treaty, however: Formally it remains in force. That is, by recognizing our independence in 1991 Russia was legally confirming the 1920 borders.

But we can see the other side of the coin. During the postwar years the territory seized from Estonia was constantly settled by Russians, and Estonians today constitute a minority in those areas. Nevertheless we cannot fail to show concern for these people. We have an interest in ensuring that their children are able to be educated in Estonian schools.

[Yusin] Is Estonia still economically dependent on Russia?

[Meri] No, and incidentally that dependence was in many respects overcome thanks to the Soviet Union. When economic sanctions were introduced against us in January 1991 and fuel shipments were suspended we were forced to resort to shock therapy, seek alternative sources of supply, and buy fuel at world prices in order not to freeze. During the Soviet era Estonia had a typical colonial economy, and we were even called the "all-Union pigsty": We provided half the country with pigs.

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Now the imbalance is at an end. We have balanced economic relations with Russia; it is our third-most important economic partner after Finland and Sweden.

[Yusin] What are Estonia's foreign policy priorities?

[Meri] All-around rapprochement with Europe and speedy affiliation to the EU [European Union]. However, that should not under any circumstances run counter to the development of normal, mutually beneficial relations with Russia. In the security sphere our aim is NATO membership, but that step will by no means be against Moscow's interests. We consider the North Atlantic alliance the most important factor for stability in Europe. And, to be totally frank, I think that the tragic events in Chechnya have given all Russia's neighbors without exception additional arguments in favor of joining NATO.

[Yusin] Do you support the demand of a number of Estonian parliamentary deputies that Chechen independence should be recognized?

[Meri] I remember small, fearless Iceland recognizing Lithuanian independence during the Soviet era. However, that chivalrous gesture had little impact on the political reality.

We would like to see an end as soon as possible to that dreadful war, which has jeopardized the existence of the courageous Chechen people and cast a slur on Russia's reputation.

Prime Minister Vahi Addresses Parliament

LD3105175195 Tallinn Radio Tallinn Network in Estonian 1113 GMT 31 May 95

[Prime Minister Tiit Vahi address to parliament — live]

[FBIS Translated Excerpt] Esteemed Riigikogu [parliament] speaker. Esteemed people's deputies. Ladies and gentlemen. I stand in the role of prime minister today for the second time here and I am pleased to acknowledge that February 1992 is in no way comparable to the spring of 1995. [passage omitted]

In the course of the 33 working days that have passed since the day the government under my leadership was sworn in, we have attempted to determine the situation in the Republic of Estonia at the moment the new government coalition assumed responsibility. You have been handed a full written account of 170 pages reflecting problems in all essential walks of life. It has been drawn up by working groups made up of specialists. It was our aim to state the situation in the neutral language of figures as much as possible, because it is precisely on the basis of figures that in a few years' time we will be able to measure whether there has been an advance and an improvement in the situation, or a decline. [passage omitted]

Esteemed people's deputies, allow me in this oral address, with time being short, to dwell mainly on two spheres of life that today affect daily life in Estonia most of all. These are the population's security and the economy.

I would not be revealing much if I say that the situation regarding law and order in the country is poor. But the fact that it is quite so poor comes as a surprise to many of us. In the course of the three months of this year, nearly 9,000 crimes have been recorded in the country. Due to crime, 148 individuals have died. Damage to property amounts to over 200... [corrects himself] 240 million kroons. According to crime figures for the three months of this year, 57.9 crimes have been committed per capita of 10,000 population in Estonia. To compare, in Latvia, 35.9 and in Lithuania 41.6 crimes have been committed.

We have not made progress in solving crime, with the relevant corresponding figure here standing at 14.7 percent; and again, we lose out in comparison with Latvia and Lithuania, where 25.8 and 38.3 percent of crimes are solved.

It is quite logical that in this situation, crime here increased by another 6.4 percent within the three months of this year. [passage omitted]

The existing crime situation is one of the facets of the domestic situation in the country, and its future shape does not solely depend on the work of the Police Department. Security in Estonia is inseparable from the success of the work on demography, at the Rescue Department, with border guarding, the way the law courts are run, and also, and first and foremost, it has to do with the overall increase in the country's inner stability as well as with the attention the state pays to the education system.

One of the aspects affecting stability in a country to a substantial extent is the existence of a loyal body of citizens. Since 1990, about 80,000 foreigners have left Estonia. In the near future, it is forecast that 8-10,000 foreigners will leave per year. Research shows that about 2-7 percent of them are ready to leave and about half, which is 50 percent, have considered this option. However, one-third of the foreigners living on Estonian territory have not yet determined their status by applying for residence and work permits. It is extremely dangerous for life inside Estonia and for stability if there are people living in Estonia who do not wish to integrate into local life. A danger exists

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that about 100,000 foreigners might remain here as so-called "supplementary illegals," and that in addition to the truly illegal contingency evaluated at around 50,000 in Estonia.

Also, the fact that the number of Russian citizens is increasing in Estonia is also a serious issue. The total number of Russian citizens in Estonia was 71,000 at the beginning of May. This is largely caused by the fact that the rules built into the existing legislation drive former USSR citizens living in Estonia in practice into becoming Russian citizens as they see no other way of obtaining identification documents with which to exercise their right to residence and work permits and to travel. In our view, this construction, metaphorically speaking, of a Russian state inside the Estonian state has been a strategic mistake within our demography policy so far.

Illegal immigrants in the country are beyond any control. As I have said, they might number up to 50,000. Expatriation of such a number of persons is unrealistic, the more so as generally there is no state prepared to accept them. It is necessary to draft mechanisms which would allow the issue of foreigners who are in Estonia illegally to be resolved in a manner suitable to the country.

The issue of illegal immigrants and foreigners is directly linked to the visa regime. The Estonian visa regime is weak. The visa regulations introduced in 1992 have become outdated and do not meet the requirements of the present day. Even more of a reason is the fact that our controls over the borders and territory are weak.

Esteemed deputies! Manifestations of corruption surfacing over the years are of concern as well as lack of a conscientious approach and incompetence at the Citizenship and Immigration Department. One has to admit that no adequate evaluation has been made about the numbers of Estonian passports issued unlawfully or falsely on the strength of false information or something else. [passage omitted]

A considerable source of danger is that of organized crime coming from the former USSR and the present CIS states, and particularly its penetration into Estonian economic structures and its links with corrupt state officials. Attempts are being made to involve state officials, banking staff and local governments employees in large-scale organized crime. A similar source of danger is the veiled and secretive penetration of the foreign black capital into Estonian financial and economic spheres, through which it is later possible to manipulate a certain section of the Estonian population or guide processes towards a desired aim. Under the pretext of business freedom, it has not at all been considered necessary in Estonia so far to carry out any checks on the origins of the capital when enterprises have been privatized.

One can draw but one conclusion of the abovementioned: over the past 2-3 years, the state has not considered the population's security and safety as being of importance; rather, the principle of "smile: it will be worse tomorrow" has been followed. This is demonstrated also by the fact that the previous Riigikogu did not consider the needs of the Ministry of Internal Affairs as being of priority when it was endorsing the budget and set aside considerably less money for its needs than the budgetary percentage increase. This is an action taken in a situation where the number of crimes aimed against people is sharply increasing. [passage omitted]

The present government's first priority will be to ensure law and order in the country and to develop the police, law courts, the prosecutor's office and the Prisons Department in a comprehensive and systematic way. Saying this, I have no fear that I might seem like a prime minister dreaming of a police state. The country's economic success and political recognition will not be able to compensate for the lack of feeling of security, even fear, felt by the people of Estonia today, and also by many visiting foreigners. [passage omitted]

Esteemed deputies! Proceeding next to the economic issues, one naturally has to admit that Estonia has achieved remarkable success in stabilizing its economy. Changeover to the principles of market economy has predominantly taken place. The overall situation in the economy, however, does not yet allow one an overview. [passage omitted]

One cannot also fail to mention the falling birthrate. In 1990, there were 14.2 births registered per 1,000 head of population; last year this was 9.5. Mortality was 12.43 in 1990 per 1,000 head of population, and 14.54 in 1994. There was a considerable number of suicides. The population of Estonia decreased last year by 7,000 due to the natural birthrate.

The spheres of economy where the depression continues to be the strongest were industry and farming. [passage omitted]

Now that the non-index-linked salaries on the domestic market are increasing rapidly, enterprises should invest more in technology and reduce labor intensiveness. For this reason, one of the key aims of the government's economic policy must be to encourage investment and to develop a support system for exports. I am convinced that a continued decline of industry would be destructive to national interests. [passage omitted]

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One of the painful problems for the Estonian economy has been inflation, at 41.7 percent last year. At the same time, the production price index in industry increased by 32.8 percent. At the same time, export prices increased only by 22.2 percent in 1994. On the one hand, we are talking about the pressure of competition on prices, but on the other hand some international firms have reduced Estonian production costs artificially, while precisely the increased prices of exports at 22.2 percent and inflation at 41.7 percent is what amounts to a considerable inhibiting effect on the Estonian own production.

Undoubtedly, inflation has also had an effect on the Estonian foreign trade balance as well as on balance of payments. What in 1992 was a trade balance surplus, was in 1993 replaced by a deficit which was further increased in 1994, and in March of this year the deficit amounted to a record 700 million kroons. To a certain degree, the trade balance deficit is explained by the foreign capital influx. Direct foreign investment is increasing as is the demand for imported goods at the same time. [passage omitted]

When speaking about the economic situation, one should touch upon privatization and land and agricultural reform, which are the most revolutionary parts of the changes. One has to say that the state is a bad master, and this holds true about Estonia in the past and now. My opinion is that the efficiency of the state economy cannot be significantly increased and that private capital is definitely more efficient in the economy. Therefore, the course of the government is to continue privatization where possible and practicable.

At the same time, the work of the Privatization Agency must be significantly improved, privatization should be made more public and more information must be supplied about privatization.

Of the main reforms, the land reform is in the worst position, and its process is very slow. If we were to continue at this speed, it would take at least 30 to 40 years to complete. [passage omitted]

A lot depends on land coming into civil circulation. Without this, it is impossible to motivate anyone to use or sell land. This, in turn, is a problem for the economy as a whole.

While continuing land reform, the government wants to adhere to the following principles. First, the reform must be accelerated; returning land to previous owners must be continued and the process accelerated according to the law; regulations should be designed to facilitate land going into the hands of users.

We discussed this issue recently with district elders; based primarily on their recommendations, we reached the conclusion that in order to reach these objectives, the way the reform is managed and the level at which decisions are made should be changed. The process should be managed from districts and parishes and not centrally from Tallinn. The Land Department would have only supervisory tasks. The legislation also needs to be amended. [passage omitted]

From the position of regional development, the process of agricultural reform is very important. This process cannot be given just one single assessment. There are regions where it has been very successful, and in these regions the reform has been nearly completed. It must be said, however, that in about half of the districts and parishes the reform is still in process. [passage omitted]

To finish off the subject of economic issues, I would like to touch on one more issue: the expansion of the state apparatus. The previous government promised to reduce the staff employed in the state apparatus by one third, but it actually increased by one third. The actual numbers are: In 1992, 6,240 people were employed in the government apparatus; in 1995 the figure is planned to be 9,073. In addition to this there are 5,500 people in district governments, state defense departments, and in the pensions department, so altogether, 15,000 people are employed in the state apparatus. I am not promising to reduce this figure significantly. What is needed is a serious and thorough reform of the state power structure, with regard to economic, legal, and organizational aspects. This is what we intend to do.

The Republic of Estonia has signed a memorandum with the IMF; the new government also confirmed this memorandum with its signature. In doing this we took upon obligations that should guarantee inflation in Estonia falling to two percent per month and to make the economy to grow by six percent in 1995. We have also accepted an obligation to continue strict monetary policy, and to preserve a liberal currency exchange and trading system.

We have also undertaken to speed up financial reform, and as a result of this, both the Bank of Estonia and the Estonian Government should reduce their share in commercial banks.

The position of the government of the Republic of Estonia is that together we must resolve the issues of continuing privatization, financing reform, promoting investment, and strengthening the financial discipline of enterprises and banks.

In summary, the government economic policy can be represented by three precepts: strong currency, balanced budget, and liberal economic policy.

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Unfortunately, I have no time to touch upon the social issues today. Nevertheless I would like to emphasize that when making any economic or political decisions, we should always bear in mind the real essence of the aim of our independence: to preserve the vitality and uniqueness of the Estonian people.

It is clear that the guarantees for the future of our society and the nation's independence are education and culture. To preserve them was the aim of our struggle for independence. [passage omitted] The situation definitely demands an increase in expenditure on education. As I said, failure to act in the area of education today would hamper our intentions in all other areas. [passage omitted]

Thank you.

Premier Criticized on Economy Part of Address

WS0106091695 Tallinn BNS in English 1754 GMT 31 May 95

[FBIS Transcribed Text] Tallinn, May 31, BNS — Opposition MP's on Wednesday sharply criticized Prime Minister Tiit Vahi over an address on the state of the nation, read to the parliament earlier in the day, saying some things asserted in it indicated the new government's poor knowledge of data concerning the economy.

Vahi in the report failed to offer even the most basic analysis of the tendencies in the country's economy, said former Economics Minister Toivo Jurgenson of the Pro Patria-National Independence Party faction.

He said Vahi's claims that the economic decline continued last year showed that the government had not analyzed alternative reports by the Statistics Department, the Economics Ministry and the central bank.

Jurgenson said Vahi's parliamentary address amounted to nothing more than a citing of slogans, aimed at getting the best possible starting position for his term in office. "The final goal of the address by Vahi is to be able to report big victories after a year," the former economics minister said.

Vahi cited in his speech a report by the Statistics Department which posted a 3.2 percent economic decline in 1994. This contradicts a report by the central bank that shows a positive growth of 4.7 percent over 1993, while estimates by the International Monetary Fund put the figure even higher.

Former Reform Minister Liia Hanni and Vambo Kaal, both of the Moderate faction, slammed Vahi over his criticism of the previous government's handling of the land reform.

Vahi in the address said there were not enough legislative acts for carrying out the reform and that the reform was too much centralized.

Hanni said the previous government, contrary to what Vahi claimed, had sought to give maximum control of the land reform to local governments.

The ex-minister of reform said mistakes in quoting facts showed that the new government had not read the regulations adopted by the previous Cabinet. "Preparations for forming the new government have been insufficient," she added.

Siim Kallas, chairman of the Reform Party, said Vahi's address had left open the question of what economic policy line the new government was going to follow.

"The prime minister in the report outlined what has to be done on economic matters, but, whether to stake on private entrepreneurship or regulate the economy with administrative levers, was left open," Kallas said.

Kallas called into question the practical value of the prime minister's address, adding that it had excellent propaganda value.

Kallas, the former governor of the central bank, said Vahi's vision was close to his as far as macroeconomics was concerned, but added that it was not clear yet what course the new government as a whole will opt for.

Latvia

Amoco Deal Delayed After Lithuanian Protest

LD3105172295 Moscow INTERFAX in English 1317 GMT 31 May 95

[FBIS Transcribed Text] RIGA, May 31 (INTERFAX) — Latvia has put off for three months a deal with a U.S. oil company and is hoping within that period to complete the demarcation of its sea border with Lithuania, the Latvian government press service said in a release obtained by INTERFAX.

A contract with the Amoco corporation to develop an offshore oil field in the Baltic was to be signed on Wednesday [31 May].

Riga announced the project last February, but Lithuania has laid claim to a part of the shelf to be developed. The Lithuanian Foreign Ministry protested, since at that time the border issue had still not yet been resolved.

On May 20, the two countries' presidents, meeting in Lithuania, came to a compromise agreement.

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Oil Exploration Auction Held by Baltic States

WS3105144795 Riga DIENAS BIZNESS in Latvian 15 May 95 p 8

[Report by Ainars Sedlenieks: "Information on Oil Exploration"]

[FBIS Translated Text] A presentation of geological data by Latvia, Poland, and Lithuania will take place in London, on 24 May. During the presentation, data will be offered, which depict the possibilities for extracting oil on the Latvian part of the Baltic sea shelf.

This is the first step toward the oil business, initiated with the aim of arousing interest in companies that might later participate in the auction. The auction will grant the rights to carry out oil exploration and extraction on the territory of the Baltic shelf belonging to respective countries. Invitations to the auction have been forwarded to 146 large oil companies. Such a presentation is a normal activity in this business, and companies are apt to participate in them. The presented information is meant mainly for specialists in geology. It is possible to learn from it, where and in what way oil can concentrate in this area, and what is the reliability of this information. The data should be sufficiently clear and detailed for the businessmen to make a decision whether to invest money in further exploration. In most cases, it is sufficient to just perform a drilling, to be able to state whether the oil is there or not.

The Southern Part of the Shelf

As DIENAS BIZNESS was told by the Director of Geological Service Rudite Anekejeva, it is most convenient that the auction is organized jointly by several countries. First, this type of activity is quite expensive, but the main point is that a small state like Latvia alone would have never gathered as many clients as the three states together. Many of the oil companies will also be interested in knowing that these three states take up almost the entire southern part of the Baltic sea shelf. Therefore, it is easier for the specialists to envisage geological conditions in this region on a broader scale.

An Expensive Process

Exploration and extraction of oil is a very expensive activity, and Latvia is unable to carry it out with its budget resources. Therefore the next step in this process might be dividing this territory into blocks of licenses and offering them on the auction. Before this step, however, legislation should be set in order, so that the companies would know what regulations — economic and juridical — they should take into account. This task is being accomplished jointly with the Agency for Power Engineering. It is hardly likely that a company, not certain whether there is any oil to be found at all, will undertake anything without knowing what are the local laws and what conditions can be expected. The unsettled sea border between Latvia and Lithuania also creates a problem, because there is no certainty which block of exploration and extraction can be offered.

Perspective for Latvia

General views on the territory show that the existence of oil here is very probable. Exploration carried out during the period of the USSR did not discover any oil pools, but one should bear in mind that this process was hindered by the unclear sea border with Sweden. Latvian geological data were obtained later, after settling this matter.

The question of Latvian oil is still open, but there can be no doubt that it really exists on this territory. This can be proved by the fact that oil exists in Lithuania, Kaliningrad Oblast, and Poland. The question is, in what quantity, and whether there will be a possibility to extract it on the Latvian part of the Baltic sea shelf by industrial methods. Apparently, there will be an answer to this question in the near future.

Baltiya Bank Partially Resumes Operations

LD3105190295 Moscow INTERFAX in English 1524 GMT 31 May 95

[FBIS Transcribed Text] RIGA, May 31 (FIA-INTERFAX) — Baltiya, Latvia's largest commercial bank, put under government control last week, partially resumed banking operations today.

A representative of the Baltiya's press service told INTERFAX's Financial Information Agency today that in line with the decision of Baltiya President Uldic Klauss, the bank had resumed accepting deposits from the population along with the exchange of cash and non-cash currency today. The bank also resumed repayment of money transferred to client accounts after May 23 (when Baltiya's activities were suspended by the Bank of Latvia). However, client accounts remain frozen such as they were on May 23 and no interest is being paid.

As was earlier reported, the Bank of Latvia and Baltiya signed a trilateral agreement on May 25 on the free transfer of 100 percent of the Baltiya's shares to the control of the cabinet of ministers. In accordance with the agreement the cabinet guarantees the bank's accounts and ensures that the bank will open its doors again.

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Amendments Passed on Residents' Income Tax Law

WS0106104695 Tallinn BNS in English
1754 GMT 31 May 95

[FBIS Transcribed Text] Riga, May 31, BNS — The Latvian Saeima (parliament) passed Wednesday [31 May] amendments to the law on residents' income tax.

New norms have been included in the law: In case a tax payer's taxable income exceeds 60,000 lats, from 60,000 lats as much as 25 percent will go for tax payments, but 10 percent will go for taxes from the rest of the sum.

The State Revenue Service told BNS that not a single resident declared that his income exceeded 50,000 lats in 1994.

The newly-passed amendments determine that additional pensions, paid from the private pension funds, will not be included in the sum on which salary tax is imposed.

The law also says that taxes will not be imposed on prizes, got in public international competitions, if their total sum does not exceed 3,000 lats.

From now on, taxes will be imposed on income from the sold wild plants, berries, nuts, mushrooms and herbs.

The sum of donations, handed to establishments registered in Latvia, will be decreased and considered as justified expenses. The law previously determined that donation could equal no more than 25 percent of the taxable income volume, but now it cannot exceed 20 percent.

Lithuania

Republic Lags Behind in Social Development

WS0106104895 Tallinn BNS in English
1754 GMT 31 May 95

[FBIS Transcribed Text] Vilnius, May 31, BNS — Lithuania continues to trail its Baltic neighbors in social development, according to official statistics.

Like earlier, Lithuania has the lowest pensions, minimum and average wages. The minimum wage in Lithuania stood at 25 U.S. dollars in April, compared to 40.6 U.S. dollars in Estonia and 55.12 dollars in Latvia, the Lithuanian Statistics Department reported.

Estonia had the highest average wage during the first quarter of this year, at 189 U.S. dollars, followed by Latvia with 187 dollars and Lithuania with 120 dollars.

The average pension during the first three months was 49 U.S. dollars in Estonia and 31 dollars in Lithuania. The average pension in Latvia stood at 60 U.S. dollars in April.

Latvia had the highest unemployment rate of 6.5 percent in April. The figure was 5.8 percent in Lithuania and 3.1 percent in Estonia.

As regards economic development, Lithuania, which had the best economic data in March, dropped slightly behind the two other Baltic states the following month.

In April, inflation stood at 1 percent in Estonia, 1.4 percent in Lithuania and 1.9 percent in Latvia.

However, industrial sale decreased by only 5.8 percent in Lithuania, compared to Estonia, where they slid by 8 percent, and Latvia where they tumbled by 18.5 percent.

Trade-Economic Commission Set Up With Belarus

WS3105122695 Tallinn BNS in English
1000 GMT 31 May 95

[FBIS Transcribed Text] Vilnius, May 31, BNS — The Lithuanian Cabinet has set up a special commission for the development of economic and trade relations between Lithuania and Belarus, it was announced Tuesday [30 May].

The commission was created under a bilateral agreement on trade and economic cooperation that was signed Feb. 17. The commission will deal with questions related to the implementation of the accord, which, among other things, provides for the reciprocal granting of the most favored nation trade status. A similar commission is also to be set up by Belarus.

One of the main problems hindering trade cooperation between the two countries is the double taxation of Lithuanian imports by Belarus. Rita Rainataite, head of a department at the Lithuanian Industry and Trade Ministry, says Belarus was supposed to cancel double taxation back in February but has not made the step so far.

The problem is to be discussed during an economic mission of Lithuanian Government officials and businessmen to Belarus in mid-June.

Prime Minister Expects Foreign Investment To Grow

WS3105143695 Tallinn BNS in English
1306 GMT 31 May 95

[FBIS Transcribed Text] Vilnius, May 31, BNS — The attitude of foreign investors toward Lithuania is changing at bottom, Lithuanian Prime Minister Adolfas Slezevicius said in a radio interview Wednesday [31 May].

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On Tuesday, Slezevicius and a group of Cabinet members attended a conference in the German city of Duisburg on business and investment possibilities in Lithuania.

The premier said one of the highlights at the conference was the discussion of project to build a European-standard railway line from the Lithuanian-Polish border to the Lithuanian city of Kaunas. The project would be carried out on concession basis by a German consortium with participation of such companies as Krups and Siemens.

The project's estimated cost is 500 million German marks. Slezevicius said specific proposals from the German side were expected in July. "This is really a very significant turn, and it certifies that investments will speed up," the premier said.

Germany is the second biggest investor in Lithuania. German capital in Lithuania currently amounts to about 115 million lits (USD28.75 million). Its share in total foreign investment increased from 16.3 to 19.1 percent last year.

LDLP Pledges Budget Revision on Social Needs

LD3105125595 Vilnius Radio Vilnius Network in Lithuanian 1200 GMT 31 May 95

[FBIS Translated Excerpt] Lithuanian Democratic Labor Party [LDLP], says that the first stage of privatization and market formation has been completed, necessary decisions concerning strict monetary policies have been adopted, and therefore the ruling party is switching over to the socially-orientated stage of market development.

A statement by the LDLP representatives at the Seimas and the cabinet, adopted after their joint meeting, says that redistributing budget resources in favor of [word indistinct] the people who need social support [pensioners and the unemployed], and young families is to become the main priority.

Health care and education, science and agriculture will receive more attention, as will creating new jobs and encouraging production, providing favorable credits for small businesses and cutting administration expenses, the statement says.

However, Justinas Karosas, the deputy head of the LDLP faction in parliament, told a news conference today that the government's possibilities to redistribute the budget in this manner are limited, because the budget itself is not big enough. [passage omitted]

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